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|------------|--------------------|---------------------|-------------|
| Algeria | 6.00 Dr. Iran | 115 Ptas. Oman | 1,000 Rials |
| Angola | 200 Esc. Israel | 100 S. Portugal | 100 Esc. |
| Argentina | 1,000 Ps. Italy | 2,000 Lire. Qatar | 8,000 Rials |
| Australia | 1.00 A\$ Jordan | 200 Pds. of Iraq | 10 P. |
| Bahamas | 50 B\$ Kuwait | 100 S. Saudi Arabia | 200 R. |
| Bangladesh | 100 T\$ Lebanon | 500 Lira. Spain | 160 Ptas. |
| Belgium | 100 B\$ Libya | 1,000 S. Sweden | 100 Kron. |
| Belize | 200 B\$ Luxembourg | 500 F. Switzerland | 200 S.F. |
| Bermuda | 100 B\$ Macedonia | 100 Den. Turkey | 1,000 L. |
| Bhutan | 100 Ng. Mexico | 100 P. U.A.E. | 800 Dir. |
| Bolivia | 100 Bs. Monaco | 100 M. U.S. M. | 100 C. |
| Bosnia | 100 D.M. Norway | 100 Nkr. Yugoslavia | 25,000 D. |
| Brazil | 100 R\$ Oman | | |

East German Hails Bush Plan On Arms but Defends the Wall

Honecker Hints a 'Yes' on Conventional Weapons Cuts

By Jim Hoagland and Robert J. McCartney
Washington Post Service

BERLIN — The East German leader, Erich Honecker, indicated that the Warsaw Pact will respond quickly and positively to President George Bush's initiative to slash conventional arms, but he defended the Bush proposals as being "close to our striving for radical conventional disarmament."

In an interview, Mr. Honecker warmly welcomed Mr. Bush's call for an acceleration of negotiations in Vienna and his commitment for both sides to destroy all tanks, aircraft and other weapons that are withdrawn from combat units stationed in Europe. He suggested that NATO should move quickly to adopt the Bush initiative.

Mr. Honecker also confirmed that East German border guards had been ordered not to use deadly force to stop civilians who try to flee into West Germany. He said his government wanted "to humanize the border regime" as part of a trend of improving relations with Western Europe and the United States.

But Mr. Honecker, head of state and general secretary of the East German Communist Party, rejected Mr. Bush's call earlier this

month for the Berlin Wall to be torn down.

The strict border controls still in place keep East Germany from being "bled white" through "economic plundering," he said, omitting any mention of East-West security considerations as a reason for the 100-mile (160-kilometer) wall that rings West Berlin and the heavily fortified inner-German border.

Mr. Honecker also departed from the generally conciliatory tone that dominated the two-hour interview, conducted through an interpreter on Wednesday, to defend the Chinese Communist Party leadership against sharp Western criticism for the violent suppression of peaceful demonstrations in Beijing.

He said he accepted the Chinese government's statements that protesters had provoked the trouble and had received appropriate and restrained punishment.

Mr. Honecker, 76, has been the Communist Party leader for 18 years. His retirement has been frequently rumored in the last year, but he appeared to be fully engaged, in good health and not contemplating withdrawal from public life any time soon. The interview was his first with an American publication in three years.

He argued firmly that the up-

heaval that has struck the Soviet Union, China, Poland and other Communist-ruled countries was a result of national conditions in those countries and not to any crisis in communism. Mr. Honecker said he saw no reason to make sweeping changes in East Germany's economic life or political system, uniformly described by human rights groups as repressive.

Mr. Honecker repeatedly emphasized his satisfaction over the sharp improvement in relations that has been registered between the two German nations in recent years, attributing this to a general relaxation of East-West tensions and to the growing acceptance of the East German government by West German politicians and public, as well as by other Western governments.

He adopted a brusque and unyielding tone when asked about prospects of the two Germans ever being reunited. This will never happen, he said, because "we are committed to insure that no more war will emanate from German soil."

A Greater Germany "only existed for a rather short period of time," he said, citing the Holy Roman Empire and Hitler's Third Reich, both destroyed by military

See GERMANY, Page 7

Bonn, Awaiting Gorbachev, Foresees Improved Relations

By Robert J. McCartney and David Remnick
Washington Post Service

BONN — Mikhail S. Gorbachev will arrive here Monday for a four-day visit expected to solidify improvements in West German-Soviet relations.

Those improvements have caused concern among Bonn's allies that West Germany has grown too enthusiastic about Moscow's disarmament initiatives and policies for domestic change.

Both the West German and Soviet governments have sought to dampen expectations that there will be any dramatic policy breakthroughs during the visit. But they are already describing the first visit here by a top Soviet leader since 1981 as a major step toward better East-West relations.

Mr. Gorbachev is viewed so favorably in West Germany that his first visit as Soviet leader is likely to have a strong impact, even if there

is little progress on substantive issues.

Soviet officials said Mr. Gorbachev, who will visit Cologne, Stuttgart and Dortmund as well as Bonn, is certain to make unscheduled stops to mingle with crowds, as he has done on trips to other Western countries.

An outbreak of effusive popular support for the Soviet leader would be in marked contrast with the routine reception accorded to President George Bush during his visit here May 30 and 31.

In addition, Mr. Gorbachev is likely to want to spring some headline-grabbing surprise while visiting the Western country that has been most receptive to his "new thinking" in foreign policy, according to Western officials and other observers.

Some Bonn officials predicted that he would announce a unilateral reduction in Soviet short-range nuclear missiles, which are of spe-

cial concern here because most of them are aimed at West Germany.

That would help Mr. Gorbachev recover the initiative in arms control politics in Europe less than two weeks after Mr. Bush won widespread acclaim for his proposal to slash conventional forces.

In an indication that they still were approaching the Bush initiative with caution, however, Soviet officials said here that Moscow was in no hurry during Mr. Gorbachev's trip to respond in detail to the U.S. proposal.

"For about five months, the administration wouldn't answer our proposals, and now they make a proposal and expect an answer right away," Georgi A. Arbatov, a foreign affairs expert and member of the Communist Party's Central Committee, said at a briefing.

The Soviets also have dropped hints that they plan to soften their

See VISIT, Page 7



Chang Outlasts Edberg to Win French Open

Michael Chang returns a forehand during his 6-1, 3-6, 4-6, 6-4, 6-2 victory over Stefan Edberg of Sweden in the French Open tennis final in Paris on Sunday. Chang, at 17 years and three months, became the youngest man to capture the French title, the world's premier clay-court championship, and the first American man to do so since Tony Trabert won the tournament in 1955. Page 19.

Beijing Seeking Dissidents Now In U.S. Embassy

By John Burgess
Washington Post Service

BEIJING — The Chinese government said Sunday night that it had issued arrest warrants for a prominent dissident couple who have taken refuge in the U.S. Embassy, and the police pressed ahead with a general crackdown on government opponents around the country.

The dissident couple, the astrophysicist Fang Lizhi and his wife, Li Shuxian, were charged with counterrevolutionary activities. The charge seems certain to heighten the diplomatic tension between China and the United States that their presence in the embassy has touched off.

In Beijing, the police arrested another well-known opponent of the government, Ren Wandong, a veteran of the Democracy Wall movement of the late 1970s. Mr. Ren was taken from his home on Friday by a half-dozen plainclothes policemen, his wife said Sunday.

"Everything I have done is within the boundaries of the constitution," Mr. Ren was quoted as saying before he was taken away. "I am totally at peace with myself. I will never hide." He was imprisoned from 1979 to 1983.

In provincial cities, protests appeared to be dying out. In several of them, posters proclaiming the disbandment of independent student associations were reported to have appeared overnight. Students in Shanghai, however, told Reuters that they were continuing with such an association there.

Also among people arrested in raids in several cities was a man accused of falsely telling ABC News in an interview that tanks had rolled over protesters when Chinese troops suppressed pro-democracy demonstrations last week.

In Washington, a State Department spokeswoman said she could not comment directly on the Fang case but that in general the United States would not normally hand

over dissidents in danger of being killed. Reuters reported.

"Whenever we have a person we feel is in imminent danger of death, we would give them shelter in the embassy," she said, noting she did not know what treatment Mr. Fang could expect from Chinese authorities if he left the embassy.

[The U.S. ambassador to China, James R. Lilley, interviewed from Beijing on U.S. television shortly before news of the Fang arrest order was revealed, described the situation as very sensitive. The Associated Press reported from Washington.

[Asked if the matter could soon be resolved, he replied: "I hope to God it can... because I don't think we want irritants in the Chinese-American relationship." Page 7.

The dispute over Fang Lizhi underscores the difficulty in U.S.-Chinese relations.

American relationship. But we Americans stand for certain things, and I don't think we're going to change. And I think the Chinese stand for certain things, and they're not going to change. And then you strike a deal."

The Chinese government has covered many of the new arrests with a press blitz, apparently eager to warn the public of the consequences of dissident activity. Extended evening newscasts showed person after person in handcuffs and under interrogation or signing confessions. The official press provided no numbers about the arrests on Sunday.

The arrests appear to be designed to destroy the organizations that led the democracy protest and to scare off potential supporters. Mr. Fang, an astrophysicist who is China's best-known dissident, received national attention in the United States earlier this year when Chinese authorities prevented him from attending a dinner with President George Bush.

Mr. Fang and his wife, who is an

See CHINA, Page 7

A Protest in Shreds: Boldness Gives Way

By Nicholas D. Kristof
New York Times Service

BEIJING — The bloodstains are scarcely visible on the pavement now, the once ubiquitous posters calling for greater freedom are now only tattered shreds, and no one dares protest as the prisons fill with those who sought change.

The democracy movement, which in just eight weeks convulsed China and awakened aspirations throughout the nation for a more open political system, seems finally to have collapsed, for now.

Even in cities around the country where protest climaxed last week in reaction to the shooting of hundreds of possibly thousands of demonstrators in Beijing, resistance has given way and protesters are awaiting their fates.

"There is no hope," said a Beijing University student who has been active in the democracy movement. A few weeks ago, he would have been happy to be quoted by name; now he is afraid to allow his name to be used.

"The movement is over," he con-

tinued. "Maybe it can come back later on, maybe there can be some underground organization, but essentially everyone is terrified into submission. Who can resist now?"

The collapse of the movement suggests the difficulties that Chinese dissidents face in sustaining any organized opposition to the

NEWS ANALYSIS

government. The authorities apparently retain the loyalty of the security apparatus and the army, and the result is that they can intimidate an active opposition into at least a sullen acquiescence.

In the pre-dawn hours on June 4, when soldiers were emptying their machine guns at demonstrators and the crowd was retreating down Beijing's Avenue of Eternal Peace, anguished young men carried the bloodied corpses of their friends and bellowed their response: "Strike! Strike! Strike!"

But there was no general strike. People stayed away from work for

See BEIJING, Page 7

U.S. Thinks Pakistan Is Pursuing A-Bomb Plan

By Stephen Engelberg
New York Times Service

WASHINGTON — The Bush administration believes Pakistan is pressing ahead with some aspects of a nuclear weapons program despite Prime Minister Benazir Bhutto's assurance last week that Pakistan does not intend to produce a nuclear bomb, according to administration officials.

Pakistan each year faces the cutoff of U.S. military aid unless the president can certify that the country does not possess a nuclear device.

President Ronald Reagan made that certification last year, but one official said the decision for this year, scheduled for October, "could go either way."

Administration officials praised Pakistan

for slowing some aspects of the nuclear program that trouble American analysts. But they said the country had pressed ahead with other activities consistent with making atomic weapons.

"It's a question of whether the glass is half-full or half-empty," an administration official said.

"There's been some progress. Those who think that she solved the problem with her public statements are deluding themselves. The jury is still out. This is a complicated problem. Her visit did not clear it up, and only in hindsight will we know whether her visit was successful."

Administration officials said Miss Bhutto appeared to be walking a tightrope. The officials said the nuclear program was

under the control of the Pakistani military and had widespread support from the Pakistani public.

They said the prime minister might have to spend political capital to comply with U.S. law.

Miss Bhutto told President George Bush in a private meeting last week that Pakistan did not plan to make an atomic bomb. She repeated the statement in a speech before Congress.

Her predecessors have expressed similar sentiments.

"Speaking for Pakistan," she said in her address to Congress, "I can declare that we do not possess, or do we intend to make, a nuclear device."

But administration officials said Pakistan

was continuing its longstanding worldwide efforts to buy the parts and technology needed to make nuclear weapons.

One official said Pakistan was also enriching uranium at its plant in Kahuta to a level beyond the 5 percent appropriate for a peaceful atomic research program.

Another official said the United States had recently detected some changes in Pakistan's enrichment program that suggested the country was paying heed to the American concerns. He declined to elaborate.

In her meeting with Mr. Bush, Miss Bhutto received a briefing from William H. Webster, director of Central Intelligence, in which he spelled out in detail what it knows about the Pakistani program. The information was given to her.

See PAKISTAN, Page 6

A Mitterrand Who Rankles Diplomats

By Edward Cody
Washington Post Service

PARIS — Here she goes again. Danielle Mitterrand, the French first lady, is speaking her mind on human rights once more, venting indignation and sending ripples across the pond of Parisian diplomacy.

The cause this time is Kurds. After Mrs. Mitterrand visited Kurdish refugee camps in Turkey, she warned in public that trouble could erupt unless the Ankara government granted official refugee status to the Kurds who fled Iraq last year and have been living in makeshift camps on Turkish soil.

Piqued by her unofficial and distinctly unquiet diplomacy, the Turkish ambassador to France pointed out that his government had asked European countries, including France, to take in some Kurds or help meet the expenses of caring for them in Turkey.

In a statement, Ambassador Ilter Turkmen said the president's wife made what he termed a "private visit" April 29 to May 2, during which she visited the refugee camps. "Frankly," he added, "we did not expect political appeals, criticisms or statistics on the Turkish population" on her return.

The ambassador clearly has a lot to learn about Mrs. Mitterrand. To a degree that France has never seen before, she has exercised the right to declare her opinions and push her causes, even when officials who work for her husband are sticking to the velvet diplomacy that is more in line with French tradition.

"I am the wife of Francois Mitterrand," she said in an interview, "and he happens to be



Danielle Mitterrand

president of the republic. So I have a broader tribune." But, she added, that fact does not rob her of the right to express herself.

So while Foreign Ministry officials have dealt with the Turkish ambassador, she has been renewing her appeals and criticisms concerning the 36,000 Kurds confined to three camps in eastern Turkey.

"Since I've been back," she said, "I have been bearing witness to what I saw. I put all my emotion into what I do, because it is a tense situation." The refugee population, she added, "is not going to put up with living in those

camps all summer. Something is going to happen."

Not content with pointing a finger at Turkey, Mrs. Mitterrand provided a specific explanation of why the Kurds fled Iraq, a country to which France sells billions of dollars in arms and other goods, as part of a long-standing relationship that the president has been careful to preserve.

"In some places, where their Kurdishness is not recognized, they are massacred — I am speaking of Iraq," she said, "and in the countries where they flee, they are treated in conditions that are intolerable."

The Turkish ambassador has not been the only irritated diplomat in Paris. In April it was the Chinese envoy's turn. He was disturbed because Mrs. Mitterrand received the visiting Dalai Lama, the spiritual and temporal Tibetan leader who fled his country when it was absorbed by China and who has been a frequent critic of Chinese rule from his refuge in India.

"I am very honored to have met the Dalai Lama," she declared.

The Algerian Embassy also has had some problems with Mrs. Mitterrand. When soldiers in Algiers shot rioting youths in November, she expressed her indignation forcefully.

Similarly, Argentina objected some time ago when Mrs. Mitterrand voiced her feelings about torture. "No one will make me accept that one can institute torture and amnesty for the people who tortured," she said.

Mrs. Mitterrand, 64, said her appeals and condemnations were not intended to represent official French policy or the views of her husband. Instead, she said, they are designed to

See DIPLOMAT, Page 6



Chinese television showing a photo on Sunday of two protesters handcuffed to trees by army captors.

Kiosk

New Caledonia Holds Election

NOUMEA, New Caledonia (AFP) — Kanak separatists appeared headed for electoral control of two New Caledonian provinces, and European settlers were gaining in the third, according to unofficial results of elections Sunday in this French territory.

No incidents were reported despite threats from a hard-line Melanesian group to disrupt the voting, the centerpiece of a 10-year plan for self-determination in the troubled South Pacific archipelago.

MONDAY Q&A



Gerald Greenwald, vice chairman of Chrysler, discusses the company's philosophy. Page 2.

General News

Carlos Saul Menem may take office as president of Argentina four months early. Page 4.

Business/Finance

EC foreign ministers plan to approve formal negotiations with the Soviet Union on a trade accord. Page 13.

Special Reports

The aviation industry is riding a wave of expansion, but safety and security questions remain unresolved. Pages 9-12.

Crossword Page 6.

Chrysler's Return to Europe: It Likes What It Sees in Sales

Gerald Greenwald, vice chairman of Chrysler Corp. and heir apparent to the chairman, Lee A. Iacocca, was at the Paris Air Show this week for the announcement of a new development program by Gulfstream Aerospace, a Chrysler subsidiary. The program includes a new compact business plane called the Gulfstream 450, a possible supersonic business aircraft. Mr. Greenwald discussed Chrysler's philosophy with Barry James of the International Herald Tribune.

Q. How do you see Chrysler's prospects?
A. We've become again a very successful company. We've been able to continue to grow in the car and truck business, and also to diversify into the aerospace technologies business and into financial services. We look forward to growing in all three, but we expect that the car and truck business will always be the dominant part of our corporation.
Q. You've definitely turned the corner?
A. Oh, I think we've gone around the block a couple of times. We are a \$36 billion company now, and in size we are No. 7 in the United States among corpo-

rations, and we've made \$1 billion after tax in profits every year for the past five years.

Q. How important is collaboration between the aerospace and automotive sectors?
A. When we decided to diversify into the aerospace business we thought that there might be some product synergy, but we didn't make the decision to diversify

MONDAY Q&A

technology primarily for that reason. We were looking for a means to make our company grow, a means of creating some profitability even in times when the car and truck business might be cyclically soft. But we do see in the automobile industry the need to improve the quality of our electrical systems. The aerospace business has for many years been doing very high quality multiplex electronics systems for airplanes, and that may have some application for us.

Q. Your Gulfstream Aerospace subsidiary is talking about producing a supersonic business jet. How realistic is that?
A. By the very definition of an advanced research and development project, it is one that will be examined and

studied and tested before we know. It's too far out in the future to do useful market research.

Q. Chrysler pulled out of Europe to all intents and purposes a few years ago. Are you now trying to get back in?
A. Yes we are. We decided that having cleaned up our own act in North America and become successful again it was time to re-enter.

Q. How are you going about it?
A. We are exporting vehicles built in North America for sale in Europe. We have franchised country-by-country distributors, who in turn have set up dealers. There are now over 600 dealers in Western Europe.

Q. How many cars do you reckon to sell?
A. We just started in May of 1988, not in all the countries, and did about 32,000 vehicles, and we expect to do \$0.000 this year. We look forward to growing beyond.

Q. How will that work?
A. There will be two plants, one a Chrysler plant in North America for products for sale in North America; the other will be a plant in Europe jointly owned and run by Renault and Chrysler.

Q. Do you encounter sales resistance because you pulled out? Sometimes it's hard to get back into a market you've given up.

A. No, not really. Early response has been very encouraging. When we first considered four years ago re-entering the European market, we did some surveys and research and what we heard was that the image of Chrysler was 12 years old—that Chrysler builds big, gas-guzzling boulevard-type cars. The moment we started showing our current cars, minivans and jeeps in the auto shows in Europe and began to sell them, all that disappeared.

Q. Do you think you're over the image problem?
A. Oh, absolutely.

Q. You are pretty heavily involved in China?
A. We have two projects there. One is a joint venture with the municipality of Beijing for building jeeps; and the other is a project with the first automobile works in Manchuria to produce a line of four-cylinder engines of our design.

Q. What are you doing as a result of the conflict there?
A. We've pulled out non-Chinese fam-

ilies out of there for now and we are in a wait-and-see condition.

Q. But, coming back to Europe, you face a lot of competition in that Ford and General Motors both have large plants here and remained established when you pulled out.

A. Well, that's right.
Q. So it is going to be heavy going for you?
A. We don't see ourselves as competitors in Europe to Ford or GM. We are a lower volume distributor.

Q. What is Chrysler's main challenge in the years immediately ahead?
A. Our No. 1 priority is to re-establish Chrysler as the engineering company, measured in terms of innovation, of quality. For example, we are investing \$1 billion in a new technology center to bring engineers together — our engineers' and suppliers' engineers — with state of the art laboratories to give them both the confidence that we mean what we say and give them the modern facilities to do it.

Q. It's often rumored that you will be the successor to Lee Iacocca.
A. It's too early to be worrying about things like that. Lee's going to be running the company for quite a while.

WORLD BRIEFS

Burmese Drive on Guerrilla Center

MAE SOT, Thailand (AP) — Burmese troops began a major assault Sunday on a Karen guerrilla stronghold near the Thailand border. Thai border police said.
About 1,500 soldiers backed by artillery and mortar fire attacked the rebel base of Pa Loo, which is defended by about 700 ethnic Karen guerrillas, the police said. About 2,000 Karen civilians and Burmese villagers fled Saturday, they said, as troops took control of areas near Pa Loo, 13 kilometers (8 miles) southwest of the Thai border town of Mae Sot.
The Karens are the largest of a dozen ethnic rebel groups that have battled for 40 years to win greater autonomy from Rangoon. Fighting has been intense in Karen state since the Burmese began a campaign last October to crush the insurgency.

Mediator Ends Effort in Italy Crisis

ROME (Reuters) — The president of the Italian Senate, Giovanni Spadolini, said Sunday that he was giving up mediation efforts and that a new government would have to wait until after elections to the European Parliament on June 18.
Mr. Spadolini was speaking after reporting back to President Francesco Cossiga on two weeks of fruitless efforts to resolve problems that brought down the five-party coalition three weeks ago.
President Cossiga will announce his next step Monday. A spokesman said that he had ruled out calling more exploratory talks. Mr. Spadolini said that a stalemate could force early general elections.

U.S. Puts 2d Navstar Satellite in Orbit

CAPE CANAVERAL, Florida (Reuters) — A Navstar advanced-guidance satellite for use mainly by U.S. military forces and NATO allies has been placed into orbit by a unmanned Delta-2 rocket.
The one-ton, \$65-million Navstar Global Positioning System satellite put into orbit Saturday is the second in a 21-satellite constellation scheduled to be completed by 1992.

Case Seen Weakening in Palme Trial

STOCKHOLM (Reuters) — New developments appear to have weakened the prosecution's case against Carl Gustav Olof Palme, who is on trial for the 1986 murder of Prime Minister Olof Palme.
The police were examining a statement by Algot Asell, 68, a janitor who said he saw Mr. Palme on the night that Mr. Palme was shot and could provide an alibi for him. Meanwhile, a key prosecution witness said he had been manipulated by the police and would probably not testify against Mr. Palme.
"If the new information is deemed credible, the whole trial could fall apart," said Clas Borgstrom, a lawyer specializing in criminal law. Mr. Asell said he was 95 percent certain that he had seen the defendant on the night of Feb. 28, 1986, when Mr. Palme was killed. Mr. Palme's trial opened on June 5.

Paper Says Iran Shelters 6 Hostages

LONDON (UPI) — Six Western hostages held in Lebanon have been moved to Iran in an attempt to insure their safety, The Observer reported Sunday. The paper said the hostages — five Americans and a British journalist — were transferred three weeks ago.
Two Americans and the journalist, John McCarthy, diagnosed as injured Lebanese, were moved to Damascus on May 24 and then flown to Tehran, the report said. A second group was said to have been moved May 29.
The Iranian interior minister, Ali Akbar Mohtashami, made the decision to relocate the hostages after fighting stepped up between Muslims and Christians in Lebanon, the newspaper said. Ali Akbar Rafsanjani, speaker of the Iranian parliament, said last week that if the United States wanted to win the release of nine Americans held in Lebanon it should work toward freedom for four Iranians missing in that country.

Britain Will Aid Poland on Its Debt

LONDON (AFP) — Britain is to invest £25 million (\$40 million) over five years in Poland and is to help reschedule Warsaw's foreign debt, a British official said after the weekend meeting of the two countries' leaders.
Prime Minister Margaret Thatcher made the commitment to the Polish leader, General Wojciech Jaruzelski, prompted by Warsaw's program for change and the partly open legislative elections on June 4, the official said.

TRAVEL UPDATE



A new "sniffer" apparatus that is able to detect explosives concealed in luggage being demonstrated at the Paris Air Show.

New Security Systems Shown in Paris

PARIS (AP) — Two new security systems capable of detecting currently undetectable explosives are being shown at the Paris Air Show.
The security systems, both being marketed for the first time this spring, were created by two American companies. The companies were invited by the Federal Aviation Administration to show the new technology during the 10-day gathering of thousands of industry professionals at Le Bourget Airport, north of Paris.
Thermex Inc. of Woburn, Massachusetts, is showing a "sniffer" that detects chemical vapors. Science International Applications Corp. of Santa Clara, California, has an apparatus that analyzes a chemical "fingerprint."

This Week's Holidays

Banking and government offices will be closed or services curtailed in the following countries and their dependencies this week because of national and religious holidays:

MONDAY: Australia, Paraguay, Philippines.
TUESDAY: Portugal.
SATURDAY: Hong Kong, Iceland, West Germany.
SUNDAY: Egypt, Monaco, Sri Lanka.

Source: Morgan Guaranty Trust Co., Reuters.

WEATHER

To Our Readers
Because of a strike of personnel in the French meteorological service, we are unable to provide data for Europe, Africa or the Middle East.

| ASIA | | HIGH | | LOW | | PRECIP. | | WIND | | HUMID. | |
|---------------|-------|-------|-------|-------|-------|---------|------|------|------|--------|------|
| NORTH AMERICA | | HIGH | | LOW | | PRECIP. | | WIND | | HUMID. | |
| Alaska | 60-70 | 60-70 | 40-50 | 40-50 | 40-50 | 0-10 | 0-10 | 0-10 | 0-10 | 0-10 | 0-10 |
| Alaska | 60-70 | 60-70 | 40-50 | 40-50 | 40-50 | 0-10 | 0-10 | 0-10 | 0-10 | 0-10 | 0-10 |
| Alaska | 60-70 | 60-70 | 40-50 | 40-50 | 40-50 | 0-10 | 0-10 | 0-10 | 0-10 | 0-10 | 0-10 |
| Alaska | 60-70 | 60-70 | 40-50 | 40-50 | 40-50 | 0-10 | 0-10 | 0-10 | 0-10 | 0-10 | 0-10 |
| Alaska | 60-70 | 60-70 | 40-50 | 40-50 | 40-50 | 0-10 | 0-10 | 0-10 | 0-10 | 0-10 | 0-10 |
| Alaska | 60-70 | 60-70 | 40-50 | 40-50 | 40-50 | 0-10 | 0-10 | 0-10 | 0-10 | 0-10 | 0-10 |
| Alaska | 60-70 | 60-70 | 40-50 | 40-50 | 40-50 | 0-10 | 0-10 | 0-10 | 0-10 | 0-10 | 0-10 |
| Alaska | 60-70 | 60-70 | 40-50 | 40-50 | 40-50 | 0-10 | 0-10 | 0-10 | 0-10 | 0-10 | 0-10 |
| Alaska | 60-70 | 60-70 | 40-50 | 40-50 | 40-50 | 0-10 | 0-10 | 0-10 | 0-10 | 0-10 | 0-10 |
| Alaska | 60-70 | 60-70 | 40-50 | 40-50 | 40-50 | 0-10 | 0-10 | 0-10 | 0-10 | 0-10 | 0-10 |

Soviets Report Troops End Uzbekistan Rioting

MOSCOW — Soviet troops have regained control of towns and cities in the Central Asian republic of Uzbekistan after a week of ethnic violence that killed about 100 people, newspapers said Sunday.

Authorities issued statements that blame the rioting, the worst in the country for decades, on clandestine organizations bent on derailing the economic and political changes initiated by President Mikhail S. Gorbachev.

The Communist Party newspaper Pravda said that 7,000 Interior Ministry troops sent to the Fergana Valley, southeast of the Uzbek capital, Tashkent, had restored order following clashes in which Uzbek hunters downed Meskhetians, an ethnic minority that was deported to the republic 45 years ago.

"During the past 24 hours the situation has mainly stabilized and is being controlled in the region's cities and districts by police and Interior Ministry troops," Pravda said, quoting the commander of troops in Fergana.

But Muslim sources in Moscow who have been in contact with activist groups in Tashkent denied that troops were in control. They said that crowds were besieging a police station in the town of Kokand, where 11 persons were reported to have been killed in clashes Friday.

Train Rams Bus In Russian South; 31 Dead, 14 Hurt

MOSCOW — Thirty-one persons were killed and 14 were injured in the second Soviet rail accident in a week when an express train hit a bus stalled on a track crossing in southern Russia, Tass news agency reported.

The crash, involving a train carrying vacationers from Black Sea resorts, occurred less than a week after a gas pipeline exploded June 3 near the Trans-Siberian railway, killing an estimated 400 people in passing trains.

Tass said the train and bus accident occurred Friday near the town of Kamenskaya, between the resort of Adler and the city of Voronezh. The report indicated there were no casualties among passengers on the train, the Adler-Voronezh express.

Tass said that the initial investigation of the crash showed that the bus driver had only held a full license since last month.



Meskhetians clustering in a refugee camp set up in the Fergana Valley of Soviet Uzbekistan after ethnic rioting in the republic.

Ryzhkov Outlines Bureaucracy Cuts Democracy Makes Gain In Hungary

By Michael Dobbs
Washington Post Service
MOSCOW — Prime Minister Nikolai I. Ryzhkov, announcing plans to streamline the cumbersome Soviet bureaucracy, said the number of ministries and state committees would be cut from around 100 to 57.

His proposals came at the beginning of the inaugural session of the new Supreme Soviet, the Soviet Union's standing legislative body, which is already proving more independent than its rubber-stamp predecessor over the decades.

The Supreme Soviet voted down several official candidates for posts of deputy chairmen of its two chambers, the Soviet of the Union and the Soviet of Nationalities.

At the Saturday session, Boris N. Yeltsin, the ousted Politburo member who has rallied a huge popular following by his attacks on Communist Party privileges, was elected

chairman of a new commission on construction and architecture.

Only a handful of deputies voted against the appointment, which had been cleared with President Mikhail S. Gorbachev.

Before the vote, Mr. Yeltsin told the Supreme Soviet that he agreed with some of the criticism voiced last week by Andrei D. Sakharov, the human rights activist, about weak powers and functions of the Congress of People's Deputies.

The 2,250-member Congress, which adjourned Friday, elected the 542 members of the Supreme Soviet, which is to remain in session for up to eight months a year to oversee the government.

Mr. Yeltsin, who was dismissed as chief of the Moscow Communist Party in November 1987, said that the Congress had failed to give the Supreme Soviet sufficient power to tackle the country's growing economic problems.

"I am not convinced that in two

years we will have improved the financial and economic situation in the country," Mr. Yeltsin said.

In his speech, Prime Minister Ryzhkov proposed reorganization of many key ministries, including Foreign Minister Eduard A. Shevardnadze, Defense Minister Dmitri T. Yazov, and Vladimir A. Kryuchkov as head of the KGB, the security police and espionage agency.

Mr. Ryzhkov, who was reconfirmed in his post Thursday, proposed a leading economist, Leonid I. Abalkin, as a deputy prime minister. Mr. Abalkin has criticized Mr. Gorbachev's changes as not going far enough to meet the country's serious economic problems.

Under the reorganization, many state committees dealing with industry are to be abolished or consolidated. Mr. Ryzhkov said that powers would be transferred to other ministries or to the 15 republics.

'Sewer Gang' Bank Robber Is Dead

The Associated Press
HYERES, France — Albert Spaggiari, 37, mastermind of the spectacular "sewer gang" bank robbery in Nice in 1976 and on the run for the last 12 years, has died. His body was left in front of his mother's house by friends on Saturday, police reported.

Mr. Spaggiari was arrested shortly after the break-in, which was carried out over the weekend of July 17 to 19, 1976. But on March 10, 1977, he made a spectacular escape. While being interrogated by the investigating magistrate, Richard Bouazz, he jumped through an office window and fled with the aid of an accomplice waiting outside on a motorcycle.

His body was brought to this Riviera city early Saturday by two men who then fled. Police specialists went immediately to the house to identify Mr. Spaggiari, who had undergone plastic surgery in alter, his features.

Jacques Peyrat, Mr. Spaggiari's lawyer, said his client died of lung cancer on Friday. He said Mr. Spaggiari's mother notified him that the body had been left in front of her home.

Mr. Spaggiari, who had a photography business in Nice, organized the gang that tunneled into the Societe Generale bank in Nice and, over the weekend, opened 337 safe deposit boxes and stole gold, jewelry and negotiable paper worth an officially estimated 46,483,522 francs (\$6,835,812 at the time).

The gang had dug a tunnel 8 meters (25 feet) long from a sewer at the back of the bank. To reach the tunnel, they had to paddle rubber rafts more than 1.5 kilometers (1 mile) through the sewer.

Extremely well organized, they ferried in enormous amounts of equipment, including welding material, gas bottles, tools, food and hundreds of meters of cables.

After penetrating the strong-room and opening the 5-ton safe, the burglars welded shut the access door from the bank side. They then took their time opening the boxes, taking only negotiable valuables.

The burglars left behind a note that read: "Without hate, without arms, without violence."

Other deaths:
Pietr Liefteck, 86, a former Dutch finance minister and a senior official at the International Monetary Fund, of heart failure Saturday in The Hague.

Antonio Macedo, 82, founder and honorary president of Portugal's opposition Socialist Party, of internal bleeding Friday in Oporto.

Jack Dash, 52, a British Communist known as "the unofficial king of the docks" and famous for his leadership role in the strikes on London's waterfront from 1945 to 1970, Thursday in London.

Tase Matsukawa, 71, founder of the Nishimachi International School in Tokyo, of heart failure on Thursday in Tokyo.

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DASSAULT INTERNATIONAL

Menem Seen Taking Over in Argentina in August

By James Brooke
New York Times Service

BUENOS AIRES — President-elect Carlos Menem would assume office four months early under a political arrangement nearing completion here. The deal is an attempt to end Argentina's political impasse after Mr. Menem's election in May and widespread rioting caused by rapidly rising prices.

"I would say the first half of August," Eduardo Menem, president-elect, said Saturday when asked about the new transfer date.

The accelerated timetable comes after the worst riots in Argentina in a decade over food prices. In May, the month of the presidential elections, prices jumped 78 percent; June's inflation is expected to be 100 percent.

With the lame-duck government unable to impose economic order, President Raúl Alfonsín's representatives and leaders of Mr. Menem's

Peronist movement met last week to discuss advancing the scheduled Dec. 10 inauguration. The Peronists, who will not have a congressional majority until newly elected legislators take office in December, want agreement on an economic and social program with Mr. Alfonsín's Radical Civic Union Party.

Peronist demands include amnesty for military human-rights violators, a six-month extension of the state of siege declared two weeks ago, a new currency and streamlining of the tax system.

In the so-called dirty war against leftist guerrillas, Argentina's military killed about 9,000 people in the 1970s. During Mr. Alfonsín's presidency, the military has been shaken by human-rights trials and military uprisings.

Charging that the military problem "comes from this government," Mr. Menem has suggested that it would be "convenient, necessary and logical" for Mr. Alfonsín to resolve it.

In response, Radical Civic Union Party officials have vowed that a military amnesty will not be part of the political package that Mr. Alfonsín and Mr. Menem are expected to ratify this week.

Under the deal, after Argentina's provincial electoral colleges formally elect Mr. Menem the president-elect later in June, Mr. Alfonsín would send to Congress a bill setting a new date for the start of his successor's term. That would allow Mr. Alfonsín to step down early without resigning.

Late last week, Mr. Menem completed the selection of an eight-member cabinet that includes two non-Peronists — Domingo Cavallo, a Harvard-trained economist who is to be foreign minister, and Miguel Roig, a retired business executive who is to be economics minister.

In a surprise appointment, the State Intelligence Secretariat, a domestic security agency, would be headed by a journalist, Juan Bautista Yofre, the political editor of

Ambito Financiero, a financial daily. Mr. Menem may not enjoy labor peace. His designated labor minister, Jorge Triaca, has crossed swords with Raúl Ubaldini, leader of the Peronist-controlled General Confederation of Labor.

"There will be no general strikes during the first two years of Peronist government," Mr. Triaca said recently. Mr. Ubaldini's response: "Striking is a constitutional right."

During Mr. Alfonsín's presidency, the confederation called 13 general strikes.

■ **'No' on the Falklands**

Mr. Menem said that his government would "acknowledge no sovereignty" other than Argentina's over the Falkland Islands, but that he was willing to discuss the issue with Prime Minister Margaret Thatcher of Britain. Agence France-Presse reported from Buenos Aires that Mr. Menem promised Saturday

that his government "will launch a diplomatic offensive on all fronts" to obtain sovereignty over the Falklands, which the Argentines call the Malvinas Islands. As part of the effort, Mr. Menem said he would be willing to meet with Mrs. Thatcher.

In 1982, Britain defeated Argentina in a six-week war over the islands, continuing a dispute over control that began in 1833.

Mugged Youth In N.Y. Takes His Revenge

United Press International

NEW YORK — A young man mugged in a Brooklyn subway station returned to the station the next night and shot and wounded three youths, including two who were later charged in the mugging, Transit Authority officials said Sunday.

The man spotted the youths when they entered the Grand Army Plaza station Saturday night and asked "Remember me?" as they approached the token booth, said a Transit police spokesman, Al O'Leary.

Mr. O'Leary said the man turned away from the six youths "and then turned back toward them, facing them with a 9mm handgun, and he opened fire." Three of the youths were hit by gunfire as the rest scattered. The gunman fled.

Two of the three who were wounded were later charged in the Friday night mugging, in which they allegedly threatened the man with a hammer and stole his gold chain and bracelet, Mr. O'Leary said.

Both the gunman, who is 17 or 18 years old, and the youths are black, unlike the celebrated 1984 incident involving Bernhard Goetz, the white electronics specialist who shot four black youths he thought were about to mug him in a case that fanned racial tensions in the city.

Bush Team Is Split on Ozone Policy

Washington Post Service

WASHINGTON — The Bush administration is sharply split on how to deal with the nation's growing ozone problem as President George Bush prepares to announce on Monday his long-awaited proposals for revising the Clean Air Act.

The Environmental Protection Agency administrator, William K. Reilly, has proposed mandatory cutbacks for oil and auto companies, but other White House advisers have promoted a free-market approach.

Officials said Mr. Bush appeared to be leaning toward the free-market plan, which would allow industry to choose its own strategy for meeting broad pollution-reduction targets.

This approach is strongly opposed not only by Mr. Reilly but also by environmentalists and their allies in Congress, who argue that automakers and oil companies cannot be counted on to reduce emissions of ozone's key ingredients without specific requirements and deadlines for control of tailpipe exhausts and use of alternative fuels.

But officials said Friday that Mr. Bush had agreed to measures to curtail acid rain and that the measures were expected to be viewed more positively by environmentalists. The plan approved by Mr. Bush calls for a 10-million-ton reduction in sulfur dioxide emissions by the dirtiest U.S. utilities by the year 2000.

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FBI Alleges Energy Dept. Hid Offenses At A-Plant

By T.R. Reid
and Bill McAllister
Washington Post Service

DENVER — The Federal Bureau of Investigation has charged that senior executives in the Energy Department knew for years about illegal toxic-waste procedures at the Rocky Flats nuclear weapons plant near here but hid to conceal the violations.

As a result, according to an affidavit filed in U.S. District Court, the FBI undertook secret ground and aerial surveillance of the federal agency's plant. Last week, as a result of the investigation, 75 federal law enforcement officials raided the plant.

The affidavit, given by the top FBI environmental law agent in Denver, charges that Energy Department officials in Washington were fully aware of the violations. It quotes a 1986 Energy Department memo warning top officials that some waste practices at Rocky Flats were "patently illegal."

The internal memo said that misleading Energy Department statements had kept the public from knowing "just how really bad the site is."

The documents also said the department awarded the operator of the plant, Rockwell International Corp., millions of dollars in performance bonuses despite evidence of illegal activity.

In Washington, the Energy Department declined to comment on charges in the affidavit but issued a statement saying that it might comment on the investigation this week.

The problems at Rocky Flats pose tough political questions for President George Bush and the Democratic governor of Colorado, Roy R. Romer, both of whom have authority to stop work there.

If they permit the plant to continue operating, they may face charges of endangering neighborhoods surrounding the site, 18 miles (29 kilometers) north of Denver. But shutting the only plant making plutonium weapons in the United States would cut supply to the national nuclear arsenal and could cost economically depressed Colorado nearly 6,000 stable, well-paid jobs.

The investigation could seriously hurt Energy Secretary James D. Watkins' effort to fight off legislation that would place his department's nuclear facilities under independent scrutiny, congressional staff aides said.

The aides said, however, that the seriousness of the allegations could give Mr. Watkins the incentive to "clean house."

"Politically, it should be sending shock waves through the Department of Energy," a Senate aide said.

Governor Romer expressed outrage Friday about the toxic dangers set forth in the affidavit and about the fact that investigators had kept the information secret for months.

Special Agent Jon Lipsky of the FBI reported that he flew repeatedly over the Rocky Flats site in an FBI surveillance plane last December and said he saw toxic pollutants being released into the atmosphere from an incinerator and a waste-water plant.

Mr. Romer did not learn of this until Friday, when the affidavit was unsealed after the Rocky Mountain News of Denver took legal action.

"It's absolutely incalculable," the governor said, "that the information was kept from the people of Colorado."

35 Renamo Rebels Killed

Agence France-Presse

MAPUTO, Mozambique — Government soldiers killed 35 rebels belonging to Renamo, or the Mozambique National Resistance, who attacked a state farm in central Zambezia Province, the armed forces said Saturday.

AMERICAN TOPICS

Mailman Becomes A Postal Immortal

Unlike most people whose names adorn federal buildings, Walter Grady never served in Congress or the cabinet, nor was he rich or famous.

Yet a new post office on Staten Island in New York City is about to be named in his honor. Mr. Grady worked there for 27 years as a letter carrier. He died in 1980 at the age of 51, and he is something of a legend.

He was reliability itself — during his career he missed only three days of work. People along his route remarked on his friendliness and courtesy.

Legislation sponsored by Representative Guy V. Molinari, Republican of New York, will make Mr. Grady the first U.S. letter carrier to have a post office named after him.

This "sets a worthy precedent," The New York Times said in an editorial. "Being immortalized in the title of a government building, paid for with taxpayer dollars, ought not to be reserved only for big shots."

The Japanese have been buying California wineries for years, so it is hardly news that Kohlen Co. of Japan is setting up a winery in the Napa Valley. But the winery will make sake, the rice wine of Japan, rather than grape wine. And why the Napa Valley instead of the Sacramento Valley? Because Napa is a prestige name in Japan, a spokesman says, and the company wants the prestige.

Now that President George Bush has stated a fondness for pork rinds, sales are booming for this snack made of smoked, fried hog skin, according to Rudolph Foods Co. of Westminster, Ohio, and Evans Food Products, the two biggest makers of pork rinds. Nutritionists say the rinds have more protein and less fat than peanuts, and one-tenth the cholesterol found in eggs. But they are twice as salty as potato chips.

A sign spotted in the window of Manhattan hardware store by Elsie Thorne and reported to the Metropolitan Diary Column of The New York Times:

WE REPAIR EVERY TYPE OF VACUUM CLEANER
Just below the first sign was a second sign:

NEEDED AT ONCE:
EXPERIENCED
VACUUM REPAIR PERSON

Arthur Higbee

5 in North Africa Form Parliament

Reuters

ALGIERS — Five North African nations have formed a joint parliament as part of plans for a common market stretching from the Atlantic to the eastern Mediterranean.

The five, Algeria, Libya, Mauritania, Morocco and Tunisia, founded the Arab Maghreb Union in February to promote political and economic integration and meet the challenge of the single market due to be set up by the European Community in 1992.

"All of the Maghreb must mobilize its immense potential and exploit it rationally to face its neighbors to the north as a partner with weight," Rabah Bitat, president of the Algerian National Assembly, told the parliament's first session on Saturday.

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Notes About People

Thomas S. Foley, the new speaker of the U.S. House of Representatives, likes to tell of a memorable baptism of fire shortly after he first came to Congress in 1964. He was at a Washington airport waiting for a flight home when an airline agent approached and told him loudly that he had a phone call from President Lyndon Johnson. "A familiar Texas voice comes on and says 'John'?"

I said, "No, Mr. President, Tom Foley." [Expletives.]

"I wanted John Fogarty of Rhode Island," Bam.

Mr. Foley said that when the president slammed down the phone, it was "the single most deflating moment of my political career." But he said to himself, "Who knows?" So he waited a few minutes, then walked outside. When the agent asked if he had finished his conversation with the president he said yes. When he got back to the plane, he had been upgraded to first class at no extra charge.

The House minority whip, Newt Gingrich, heads a Nielsen family — one of the 4,000 U.S. households that judge television

shows for Nielsen Media Research. So a neighbor, David Corn of The Nation magazine, discovered when he found a Nielsen card addressed to the Gingrichs that had fallen on the floor of their apartment house lobby. Mr. Gingrich confirmed that he and his wife Marianne are "doing our share for tastefulness."

Mickey Mantle, the former New York Yankee outfielder, recalled in a New York Post interview that he once joked to Yogi Berra that the position of catcher was overrated. But Berra, a catcher, took him seriously. So in a game against Detroit, with Whitey Ford pitching, "the three of us made a deal" — Mantle signaled the pitches from the outfield.

"Well, it's about the seventh inning," Mantle said, "and we're winning 1-0. That's when I'd had enough. I stopped. No kidding, I got scared. I thought I'd give up a home run, or something."

Arthur Higbee

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Sudanese children waiting for food at a UN-sponsored distribution center in Muglad in the south.

Sudan Opens Talks With Guerrillas

ADDIS ABABA, Ethiopia — The government of Sudan and rebel guerrillas have started their first high-level formal talks aimed at ending six years of civil war in the south of the country.

Sid Ahmed Hussein, the Sudanese deputy prime minister and foreign minister, embraced a rebel commander, Lam Akol, in front of television cameras before beginning talks in the Ethiopian capital that are expected to last three days.

Mr. Akol, of the Sudan People's Liberation Army, urged the government to fully put into effect a peace accord signed in November by the guerrilla group and the

Democratic Unionist Party, a partner in the coalition government of Prime Minister Sadek Mahdi.

The Sudan People's Liberation Army has been fighting since 1983 to end what it sees as the domination of its power base, the mainly Christian or animist south, by the Moslem Arab north. Hundreds of thousands of people have been killed and three million southerners have fled north or abroad because of fighting and famine.

Although the government has accepted the accord to end the civil war it has yet to comply with such provisions as lifting a state of emergency and abrogating defense pacts with Egypt and Libya.

Mr. Mahdi was quoted Saturday as saying that Egypt had agreed to his request to abrogate its 1976 pact with Sudan.

The peace accord also called for a freeze on applying *sharia*, or Islamic laws and punishments, in advance of a formal cease-fire and a constitutional conference.

"It will not augur well to play down the provisions of the peace agreement," Mr. Akol said at the meeting. But, he added, "I am confident that we will get out with concrete results because our country yearns for peace."

The deputy prime minister said procedural issues should not be allowed to wreck the talks. He called for patience and mutual trust.

Envoys Find Plans for Indochina Refugees Sketchy

By Steven Erlanger
New York Times Service

BANGKOK — An international conference to ratify plans to cope with Indochina refugees begins Tuesday in Geneva, but diplomats and UN officials say the plans are sketchy and do not deal with the crisis in Hong Kong.

They say the plans also avoid an inevitable long-term issue: the forcible repatriation of Vietnamese who flee for economic reasons.

Since the last such conference 10 years ago in Geneva, said an official with the UN High Commissioner for Refugees, "the boat people have gone from objects of compassion and patriots fleeing Communist tyranny to objects of official scorn and even brutality."

"You could say that the sheer and continuing numbers of Vietnamese have outstripped the world's capacity for compassion," he added.

"I suppose it's better than saying that most of the world has simply stopped caring. But in Geneva we are about to confirm that what is considered a right for others — to flee one's country and seek asylum elsewhere — will be denied the Vietnamese."

Other United Nations officials and diplomats are less harsh.

They see the Geneva meeting as an honorable attempt to restore the principle and practice of first asylum among the countries of Southeast Asia in return for a renewed Western effort to resettle the Vietnamese who linger in camps throughout the region, while trying to stem the continuing flow by separating "legitimate" refugees from "economic migrants."

But no one expects the meeting to provide a comprehensive solution, which many officials think will finally involve the forcible repatriation of those who do not qualify as refugees — an option opposed by the United States, Vietnam and the high commissioner's office.

Ten years ago, everyone fleeing Vietnam was considered a refugee — someone with "a well-founded fear of persecution for reasons of race, religion, nationality, membership of a particular social group or political opinion."

Under the new policy, Vietnamese who flee will be screened to see whether they qualify under the definition or are migrants suffering no undue fear of persecution but simply seeking a better life.

Despite resettlement in the West of 1.2 million Indochinese since 1975, the deterioration of the 1979 agreement has made the conference necessary.

In addition to about 75,000 Laotians in Thai camps and at least

300,000 Cambodians inside Thailand who have been displaced by war, there are about 90,000 Vietnamese in camps throughout Southeast Asia, the highest figure since 1979.

Hong Kong alone is trying to cope with 42,000; 500 are arriving every day.

"We have run out of room," Sir David Wilson, governor of Hong Kong, said last week in London.

As of June 16, 1988, Hong Kong began to treat all new arrivals as illegal immigrants until they could prove, during a screening process, that they were refugees.

The countries of the Association of South East Asian Nations — Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand — announced that they would begin screening all those who arrived after mid-March.

But, rather than stopping the flow, the announcement seemed to have increased it.

Regionally, about 37,000 arrived after the cutoff dates and will be screened.

Western governments have now promised to resettle over the next three years the 53,000 who arrived before the cutoff dates and who are therefore automatically considered refugees.

Historically, the United States has accepted about 60 percent of Indochinese refugees.

American officials say that, in Geneva, the United States will offer to accept about 40 percent of the 53,000, some of whom have been previously rejected for resettlement, and a larger percentage of those who qualify as refugees after screening.

The UN refugee office is working for a basically uniform screening process throughout the region, but the details are still to be worked out and the screeners trained.

The screening, which will not start much before autumn, will be done separately by each nation. UN refugee officials will act both as advocates for the Vietnamese and regional coordinators of the program, a role that will require much delicacy.

Screening of Laotian refugees by the Thais, which began in 1985, has been marked by petty corruption; payments are sometimes required for a screening, and selection is made less on the grounds of persecution than on the resettlement criteria of Western countries.

Officials of the UN refugee office acknowledged that there were likely to be similar problems in screening the Vietnamese.

More important, however, is a disagreement among Western countries about what percentage of those who have fled are legitimate refugees.

Carl B. Harris, who worked with

the refugee office for nearly five years, argues that as many as 70 percent of the 3,000 heads of families interviewed in 1988 had experienced serious discrimination or re-education for political or racial reasons, and thus should qualify as refugees.

Although it is true that they also want a better life for themselves and their families, Mr. Harris said, it is wrong to assume, as many Western officials do, that a huge proportion of those fleeing Vietnam now are simply economic migrants.

A senior U.S. official familiar with Mr. Harris's arguments said

the United States felt that the proper figure to accept was probably between 40 percent and 60 percent.

Screening has already begun in Hong Kong, but so far only 9.6 percent have qualified as legitimate refugees, and those largely on the grounds that their families will be reunified if they qualify.

Those rejected have a right to appeal — but no right to a personal appearance before those who decide their fate.

Hong Kong officials attribute the low figure to the fact that at least 70 percent of the people arriving in the colony are from northern Vietnam. Persecution is more easily proved by those who took part in

the U.S.-backed government of the south.

One of the main tasks of the conference will be to try to provide Hong Kong some form of quick fix, diplomats say.

One possibility would be to allow many of those who arrived before the cutoff date to jump the line and move immediately to refugee processing centers in the Philippines.

The risk is that, if Hong Kong unilaterally resorted to forcible repatriation or to pushing boatloads of people back to sea, the pressure on ASEAN countries to abandon the right to first asylum would be intense, officials say.

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Final Days Of Khomeini Recounted By Daughter

By Patrick Tyler

Washington Post Service

TEHRAN — The daughter of Ayatollah Ruhollah Khomeini said in an interview on Sunday that her father had suffered five heart attacks in the 10 days after his surgery on May 23 for what she described as stomach cancer. He died on June 3.

The clinic in the suburb of Jamaran that was the site of the surgery was taken over by the ayatollah's medical team nine years ago. This was deemed necessary after his first serious heart attack and after concerns were raised that he might be the target of assassination attempts.

The daughter, Zahra Mostafavi, spoke in her downtown Tehran office as a huge crowd gathered at the Baheshti Zahra cemetery south of the city to mark the seventh day since the ayatollah's death.

In the interview, she provided a detailed account of her father's medical problems in recent years.

Mrs. Mostafavi, 48, also revealed that her brother Syed Ahmad, 44, has aspired to become president of Iran since 1981, but that the idea was specifically rejected by the ayatollah, whom she quoted as saying, "As long as I am alive, I do not wish for him to have a position."

She said her desire to become a parliament deputy had to be deferred by her father's policy of keeping his children out of political posts while he was alive.

Since her father's death, Mrs. Mostafavi said, her brother has sunk into a dejected mental state. She said she had tried to jar him from it on Saturday with a pep talk after she heard that he wanted to withdraw from active participation in national affairs.

She quoted her brother as saying during her visit with him, "I am too tired," and adding, "I am finished. But he also said that he had not given up on the Islamic Revolution."

She also said that a few days before her father's surgery, the ayatollah told her privately that President Ali Khamenei had "all the qualifications" to become the country's supreme leader.

Mrs. Mostafavi's comments added weight to other assertions that the ayatollah explicitly expressed his preference for his longtime follower more than once in his final weeks. In March, the ayatollah dismissed the country's political heir apparent, Hussein Ali Montazeri.

Mrs. Mostafavi hinted that Iran might seek to improve its relations with the United States, frozen during the last decade by deep and bitter grievances on both sides. She said the ayatollah "always said the relationship between America and Iran is like a relationship between a wolf and a sheep."

But, she added, "officials change."

The ayatollah's frail health had been the subject of frequent speculation in the West; more than once in the last 10 years Western governments and intelligence services have leaked word that he was near death.

Mrs. Mostafavi said her father had been hospitalized at the Jamaran clinic three times in the last three years. The most serious episode, she said, was a heart attack in the spring of 1986. The attack was so severe, she added, that "in fact, he almost died."

He "really gained a second life" through the efforts of his Iranian doctor, she said.

In the weeks preceding the ayatollah's death, there was intense speculation in Tehran that his son might make a bid to succeed his father as spiritual leader. This rumor sharpened in May, when a letter of rebuke from the younger Khomeini to Ayatollah Montazeri, the spurned heir, was given to the Tehran press.

"In our group," Mrs. Mostafavi said, "the question of Ahmad's succeeding the father never appeared."

She also said that eight years ago, the ayatollah rejected the suggestion that his son become president.

About a week after the ayatollah's surgery, she said, "I went to him about the possibility of Ahmad's becoming president."

She said she had told her father that "the word is out."

She said she endorsed the idea of making her brother president by saying, "I think he is qualified."

But she said her father again rejected the notion, saying only, "After me, you can decide for yourselves."

The presidential candidacy of the younger Khomeini would put him in direct competition with Iran's speaker of the Majlis, or parliament, Hashemi Rafsanjani, the only announced candidate for the Aug. 18 balloting.

Mrs. Mostafavi said that, a "few days" before her father's last sickness she went to him to discuss the succession. "I know you are opposed to any group leadership," she said to her father, adding, "Do you know of any single person?"

"Yes, there are people," she quoted her father as saying.

When she mentioned Mr. Khomeini's name, her father replied, "Yes, he is very good — he has all the qualifications."

Paris Mosque Elects Rector

United Press International

PARIS — Sheikh Haddam Tedjini, an Algerian doctor and diplomat, has been elected rector of the Paris Mosque, diplomats said.

Sheikh Tedjini, 68, will replace Sheikh Abbas, who died in May after suffering a heart attack.



Shimon Peres of Israel, left, welcoming Mr. Butros Ghali of Egypt on Sunday for talks.

Israel Lifts Weeklong Gaza Curfew

Reuters

JERUSALEM — Israel announced Sunday that it had lifted the longest curfew imposed on the occupied Gaza Strip since the start of the Palestinian uprising 18 months ago. It also reported that two Gaza teenagers had died of gunshot wounds.

About 600,000 Arabs were freed from a week of nearly total confinement to their homes, but 55,000 in the Jabalya refugee district remained under curfew.

Soldiers shot and killed an 8-year-old boy in Jabalya on Saturday, and two teenagers who

were seriously wounded in the clash died in an Israeli hospital on Sunday, the army said.

Palestinians identified the youths as Musa Omar Shama, 17, and Mohamed Lubbad, 16. At least 515 Arabs and 20 Jews have died in the uprising against Israeli occupation of the West Bank and Gaza Strip.

The Gaza curfew was lifted shortly before Butros Ghali, the Egyptian minister of state for foreign affairs, arrived in Israel with a message from President Hosni Mubarak to Prime Minister Yitzhak Shamir.

The Israeli foreign minister, Moshe Arens, was at the airport to welcome Mr. Butros Ghali, the highest-ranking Egyptian to visit Israel in two years.

Mr. Arens said Israel hoped to enlist Egyptian support for an Israeli peace initiative, which calls for elections in the occupied West Bank and Gaza Strip.

Foreign Ministry officials in Cairo said the main purpose of the trip was to reassure Israel that Egypt's return to the Arab League would not upset its relations with Israel. (Reuters, UPI)

French Selling Missiles to the Saudis

Agence France-Press

PARIS — France said Sunday that it had signed deals with Saudi Arabia for the sale of Mistral surface-to-air missiles and for the construction of military hardware including helicopter-carrying frigates.

A spokesman for President Francois Mitterrand said the contracts had been signed by the French and Saudi defense ministers, Jean-Pierre Chevenement, and

Prince Sultan bin Abdulaziz, who was in France on an official visit.

An earlier report from Riyadh said payments would be partly in cash and partly in such items as petroleum products and agricultural produce.

According to Al Hayat, a Lebanese daily, Saudi Arabia has contracted to buy 3,000 Mistral missiles and two helicopter-carrying

frigates worth a total of 18 billion francs (\$2.7 billion).

A Saudi daily, Al Riyadh, quoted the defense minister as saying the Mistral deal had "been under discussion for three years, during which specialist Saudi officers worked with their French colleagues on the development of the weapon and acquired close knowledge of its use, operational capacities, maintenance and improvements."

DIPLOMAT: A Mitterrand's Causes Roil the Waters

(Continued from page 1)

arouse public opinion, and perhaps eventually affect policy in France and other countries.

The trip to Turkey, for example, was arranged by Kurds who are friends of Mrs. Mitterrand's and who hoped the sight of the refugee camps would prompt her to speak out on an issue that has dropped off the front pages in France and elsewhere. She said she willingly accepted the mission even though the world has grown inured to stories of Kurdish suffering.

"I have no power," she added. "I have only my power of indignation, my power of conviction. These are my only powers. Sometimes they are convincing. Sometimes they are not. Sometimes they are not convincing, but they are not convincing, but they are not convincing."

The president has been "very respectful" of her right to speak out even on sensitive issues, Mrs. Mitterrand said. In any case, she added, most of the time there is no conflict between her human rights appeals and her husband's official work in the Elysee Palace.

"Francois is a man who defends human rights," she said. "I know

there are realities that are difficult, but they are rare."

Immediately upon her arrival at the Elysee after her husband's election in 1981, Mrs. Mitterrand demonstrated reluctance to limit herself to the role of hostess, decorator and goodwill ambassador that France traditionally assigns its first ladies.

She came to political activism

early in life. The daughter of a liberal school principal, she was a teen-age courier for the Resistance during the war and received a medal for her work when she was 20.

French analysts have written that her influence was important in the president's drift leftward earlier in his career.

PAKISTAN: Seeking the Bomb?

(Continued from page 1)

tion was processed to remove any hints of where it had come from.

Even so, U.S. officials said this was a highly unusual step.

Seldom, if ever, has the head of the Central Intelligence Agency disclosed the fruits of American intelligence collection with the "target" of those efforts.

Intelligence professionals were said to be worried that any extensive sharing of the data with the Pakistanis could cause them to tighten security and make it more difficult to gather data.

But the officials said Mr. Bush

decided it was more important to show Miss Bhutto that the United States can monitor Pakistan's nuclear activities in some detail.

Administration officials said Mr. Bush proposed on-site visits to the Pakistani installations by American inspectors to verify that the research was being used for peaceful purposes. This would reduce the need to rely on intelligence assets or technical means.

After the longstanding Pakistani position on this issue, Miss Bhutto declined, officials said.

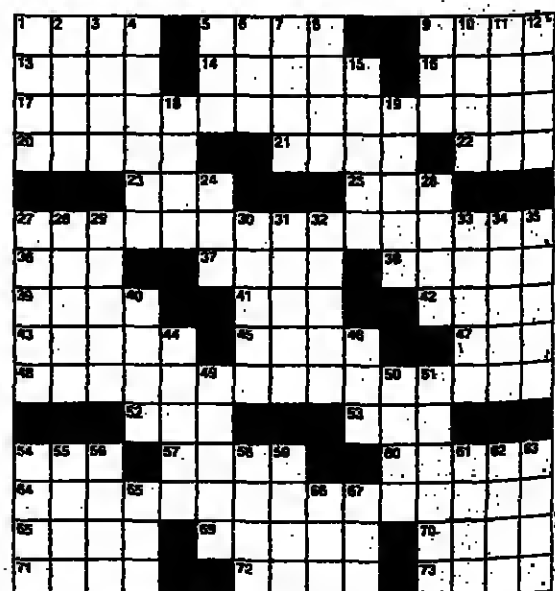
Pakistan has previously said it would allow on-site inspections if India agreed to similar measures.

ACROSS

- 1 Repeat
- 2 Declaration
- 3 signature
- 4 Hullahabaloo
- 5 Peruvian Indian
- 6 Mil. trunks
- 7 Mrs. Charles Chaplin
- 8 Impressive D C
- 9 Playwright
- 10 Clifford
- 11 Astronaut Alan
- 12 Mich.'s South
- 13 Mars
- 14 Canals
- 15 — de France
- 16 In medias
- 17 Old Ironsides
- 18 Nash
- 19 contemporary
- 20 Happy
- 21 Chaplain, to a
- 22 G I
- 23 O'Neill's
- 24 Christie
- 25 Ilik
- 26 Call's cry
- 27 Dens
- 28 Composer — Carlo Menotti
- 29 Suffix with exist
- 30 Impressive N.Y. harbor sight
- 31 N.Y.C.'s ocean
- 32 Nectar collector
- 33 Ancient
- 34 Actress
- 35 Acropolis
- 36 Inventor Howe
- 37 N.Y. harbor span
- 38 Saranic
- 39 Goller Palmer, Ic
- 40 Neither masc nor fem
- 41 Tears
- 42 Snatched
- 43 Proceeds
- 44 Venus de
- 45 Wife of Sir Geraint
- 46 Skin disorder
- 47 Pertaining to milk

Solution to Friday's Puzzle

CAPON SALAD
SAMOVAR CALABAR
PRALINE ALABAMA
OPTED CUR SOLON
ROOD PARED ROSE
ERR BANNERS NEE
TYRANT RAQUEL
ORA FUM
QUENCH TEASEL
CUP SHEPARD LID
RASP EARLY MEMO
ARCED RYE CAVIL
STALEST MARRATE
HELLERS TREATED
REAPS FETED



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- 3 Chum
- 4 Barley beard
- 5 Hairdresser's purchase
- 6 Sheltered, at sea
- 7 In favor of
- 8 Superman's girlfriend
- 9 Med-school subject
- 10 Ashen
- 11 Sling
- 12 Norway's capital
- 13 A stroke ahead
- 14 Part of U.K.
- 15 Pierce
- 16 Soviet range
- 28 French legislature
- 29 — Braga, Brazilian film star
- 30 Irish poet
- 31 List of charges, in Cannes
- 32 Perfect
- 33 Loater
- 34 Praying figure
- 35 Like tulle
- 36 Greek gull
- 37 Hindu collection of aphorisms
- 38 Penpoint
- 39 Miss Doolittle of "My Fair Lady"
- 50 Malt brew
- 51 Snigger's activity
- 52 Above
- 53 A son of Jacob and Leah
- 54 Style of coffee
- 55 Small pastry
- 56 — Domini
- 57 Concept: Comb form
- 58 Tropical fever
- 59 Tennis-match device
- 60 Monogram of "Treasure Island" author
- 61 Lubricate
- 62 Four-poster, e.g.

In Fang, a Clash of Symbols for China and U.S.

New York Times Service

BEIJING — The U.S.-Chinese dispute over Fang Lizhi underscores not only the passions that China's best-known dissident arouses on both sides of the Pacific but also the difficulties that Washington and Beijing will have in resolving the latest irritant to their relations.

Television news on Friday night identified Mr. Fang, an astrophysicist, as the villain in the recent bloodshed, yet most people had not even conceived of him as a possible culprit.

The target of the broadcast had perhaps been overlooked because he does not own a gun and for weeks had carefully avoided the student encampment on Tiananmen Square, where troops recently killed hundreds, possibly thousands, of civilians.

Nevertheless, the news presentation accused Mr. Fang, 53 — now under protection at the U.S. Embassy — of being a traitor who incited "the rebellion" and pro-

voked the violence. On Sunday, the government issued a warrant for his arrest.

Fang Lizhi (pronounced fang lee-JER), his wife, Li Shuxian, and their son, Fang Ka, took refuge in the embassy because they feared arrest after the shooting of pro-democracy demonstrators in the center of the city on June 4 and 5.

China has long been sensitive to Fang Lizhi's popularity abroad as well as to the interference of foreign diplomats in China's political affairs, so it would be difficult to imagine the government's pledging not to harm Mr. Fang were he to leave the embassy.

"It's a very difficult situation," an Asian diplomat said, before the government issued the warrant for Mr. Fang's arrest. "I think there's no way out through negotiation."

The American protection of Mr. Fang and his family is likely to symbolize to the government the arrogance of Washington's using diplomatic privileges to harbor people Beijing views as crim-

inals, a particularly serious matter in China because of its historic sensitivity to foreigners regarding themselves as above Chinese law.

To Americans, on the other hand, the threats against a scholar and advocate of nonviolent democratic change are likely to symbolize Chinese repression and unreasonableness. The gulf between the two perspectives will be difficult to bridge so long as the present Chinese government remains in place.

Mr. Fang was catapulted to the center of an international dispute by his search for a safe place for himself and his family. An ebullient man, he faces oppression, fear and risk with a deep and rumbling laugh that invariably invites those around him to smile even at the oddest moments.

"So maybe I will be arrested," he sometimes says, when pressed on the chances he takes. Then he lifts his head and laughs, and everybody in the room suddenly feels that maybe things might not be so serious after all.

Mr. Fang first came to national prominence several years ago, when he was vice president of the University of Science and Technology in the central Chinese city of Hefei. He became a promoter of greater democracy; his ideas were widely discussed, but after the fall of Hu Yaobang, the Communist Party leader, in January 1987, Mr. Fang was expelled from the party and transferred to work as a professor in the Beijing Observatory.

Li Shuxian, whom he met and married when they were studying in Beijing, remains a party member, but both have been highly critical of Communist rule in China. They object to the network of perquisites for officials, the corruption, the lack of free speech. They openly say that Marxism is wrong.

Mr. Fang acknowledges that a multiparty democracy cannot be introduced in China soon, but he thinks the nation should move in that direction. He has been popular among students and among

foreigners, partly because until recently he was almost the only person openly attacking Marxism and calling for greater democracy. Mr. Fang also speaks English, which has enabled him to give TV interviews to U.S. audiences.

He was at the center of another diplomatic dispute when George Bush invited him to a banquet during the president's visit to China in February. Chinese leaders objected to the invitation, and then sent more than 100 police officers to keep Mr. Fang away from the banquet. Mr. Fang, his wife and two Americans they were with were obliged to walk for an hour and a half to the U.S. Embassy — followed by the police all the way.

The episode apparently confirmed the Chinese officials in their belief that Mr. Fang is a troublemaker, and he and Li Shuxian were accused — some- times in anonymous wall posters — of inciting the democracy movement.

In fact, Mr. Fang and his wife both tried to avoid playing any



Fang Lizhi

role, for fear of being accused of being provocateurs, and they studiously kept away from Tiananmen Square when students were there.

—NICHOLAS D. KRISTOF

GERMAN: Honecker Hails Bush Plan for Arms Cuts

(Continued from page 1)

defeats. "Nobody could have an interest in having a state again in the heart of Europe that would be difficult to keep under control."

Mr. Honecker gave the interview at a time of intense superpower diplomatic activity centering on Bonn. On Monday, Chancellor Helmut Kohl will welcome the Soviet leader, Mikhail S. Gorbachev, on a four-day visit.

Mr. Bush visited the West German capital at the beginning of the month after arranging a compromise with Mr. Kohl at the North Atlantic Treaty Organization meeting in Brussels that defused a bitter quarrel between Washington and Bonn over alliance strategy on short-range nuclear missiles.

East Germany's status as the Soviet Union's closest and strongest military ally in the Warsaw Pact gives Mr. Honecker's views on arms control particular authority. His positive response to the proposals made at the NATO summit meeting went well beyond the cautious public welcome voiced by the Soviet foreign minister, Eduard A. Shevardnadze.

Mr. Honecker denounced the

dangers posed for Germans by short-range nuclear weapons stationed on German soil in terms similar to those often used in West Germany. In calling for elimination of such weapons, he cited comments made by Mr. Kohl, Alfred Dregger and other members of the conservative Christian Democratic Union party, asserting that "the shorter the range, the deader the Germans."

He indicated that the Warsaw Pact would accept NATO's insistence that negotiations on short-range missiles start with the goal of achieving partial reductions in existing forces, in which the Soviet Union has an advantage estimated by NATO at 14 to 1 in missile launchers.

Britain and the United States oppose total elimination of tactical nuclear weapons in Europe because of the Soviet Union's superiority in conventional forces.

"We are in favor of the step-by-step elimination of tactical nuclear weapons in Europe," Mr. Honecker said. "Of course, we know that this can't be done in one stroke."

He then held out the possibility that each side might decide to

"keep, say, 10" short-range missiles rather than proceed to the complete elimination favored by the Warsaw Pact.

"One has to enter negotiations and see what progress can be achieved," Mr. Honecker said. "Sometimes surprises even occur."

Asked about Mr. Bush's proposals at Brussels to "lock in" significant reductions in tanks, artillery, armored personnel carriers and other weapons and to include combat aircraft and manpower totals in the Vienna 23-nation negotiations on Conventional Forces in Europe, Mr. Honecker responded:

"We are interested in having those proposals included in the negotiations, so that we can identify where the Warsaw Treaty states [already] concurred [with NATO], and those areas where more intensive negotiations are needed."

Mr. Honecker declined to say if he thought Mr. Bush's goal of reaching an agreement on conventional arms reductions within six months to a year was realistic. But he said that "a matter that entirely meets our interest is an acceleration of the Vienna negotiations."

The summit meeting in Brussels accepted in principle Mr. Bush's conventional arms initiative but decided to study it further with a view to presenting a comprehensive proposal at the Vienna negotiations in September.

Mr. Honecker's conciliatory attitude toward the United States was also underscored by his assertions that the Warsaw Pact's arms control proposals and calls for a new political framework for Europe are not intended "to decouple the United States from Europe."

"The building of the Common European house is not directed against... the United States," he said. "We have an interest, of course, in the participation of the United States in creating that house."

Mr. Honecker's comments on the Berlin Wall, built in 1961, would appear to make formal a significant softening of policy that had been described privately to visiting West German politicians but not put forward publicly.

BEIJING: With Protest in Shreds, Panic Takes Over

(Continued from page 1)

a few days — mostly because of fear of stray bullets — but there was never an organized strike. Now workers are returning to their factories.

Last week, many Chinese also hoped that some military units were ready to attack the 27th Army, which was responsible for most of the bloodshed, and depose the elements in the leadership that had begun the crackdown. There were some murky military skirmishes, but it seems increasingly unlikely that the army will intervene in support of democracy.

Of course, the democracy movement has several times risen after

what seemed to be fatal blows, and the situation in China is so unstable that virtually anything could happen. But for now, at least, intimidation seems to be successful. That is why there is no general strike, no new poster campaign, no protest. The state has shown its strength, and people are acquiescing to those in power.

The tangible achievements of the last two months — a freer press, a network of student organizations, an unofficial student newspaper, an informal labor union, an immense number of ad hoc bulletin boards where people posted essays and articles from foreign newspapers — all have vanished. In a large sense, the exhilaration and boldness of the last two months have been replaced by pain and panic.

The university campuses are empty, the loudspeakers quiet and the student organizations disbanded. Since all the students have gone home, it would be difficult to revive the student movement even if the atmosphere were more tolerant.

Still, beneath the surface and beyond the superficial expressions of dissent there bubbles a profound rage and bitterness at the nation's aging leadership. In some past crackdowns, such as the 1957 anti-rightist campaign, there was a reservoir of goodwill toward the government, and so people wondered if maybe the leadership was right even when it did things that seemed on their face to be bad.

But the goodwill has long since dissipated, and it is virtually im-

possible to find somebody who in private has anything nice to say about the government.

Even if the democracy movement has lost this battle, this rage is likely to resurface. Predicting events in China is an impossible task, but both Chinese and foreign experts note that there has been a regular pattern of a period of growing tolerance followed by a crackdown and then a steady increase in tolerance and democracy, followed by a new crackdown. Each time the flowering of ideas and enthusiasm for democracy has been greater than the previous one, and so most people expect that after a few months or years, the movement will re-emerge as vigorous as ever.

"Democracy is now engraved in people's hearts, so you can't say the movement is washed up," said a young worker who sympathized with the recent demonstrations but was not much involved himself. "Even ordinary people who don't really understand what the students want, they feel in their hearts a hatred for the government that makes them support the students."

While most people believe the democracy movement, as a mass campaign, has definitely lost the first round, many say that the present leadership is very unstable.

The leadership still has not summoned a Central Committee meeting to ratify the dismissal of the Communist Party chairman, Zhao Ziyang, and most people believe that he has a number of silent supporters on the Central Committee.

CHINA: Dissidents Sought

(Continued from page 1)

assistant professor at the elite Beijing University, entered the U.S. Embassy shortly after the government moved troops against Tiananmen Square.

Their presence has added to the strain that U.S.-Chinese relations are experiencing because of U.S. sanctions and condemnation of the suppression.

Now the two have been charged with "committing crimes of counter-revolutionary propaganda and instigation before and during the recent turmoil and before the counter-revolutionary rebellion," the official Xinhua press agency reported. Counter-revolution is a general term used to describe political activities that are deemed unacceptable by the authorities.

The Chinese press and several Chinese callers to the embassy have demanded that the United States turn them over. The embassy has refused, and the couple has not been heard from since. The U.S. Embassy declined comment Sunday night on the arrest order.

The couple's action has also been criticized by some of their fellow intellectuals. They feel that the move was melodramatic and could be used to support government contentions that the country's democracy movement is foreign-inspired.

The man charged with spreading rumors to ABC News had spoken on camera in a Beijing street last Monday, saying in an emotionally strained voice that tanks had rolled over some of the demonstrators. On Sunday, Chinese state television played this interview clip and then cut to the man in custody.

In remorseful tones, he said that he had never seen any such thing. Official broadcasts also said that on Friday, 13 "riffians" were arrested in Beijing in connection with the disturbances.

Soviet Spokesman Bets and Wins On West German TV Game Show

Reuters

BONN — Gennadi I. Gerasimov, who has been in the spotlight as the Foreign Ministry spokesman at Moscow news conferences and at summit meetings, has found a new forum for the Kremlin's glossiest message — a West German television game show.

Taking a break from preparing for Mikhail S. Gorbachev's visit to West Germany, which will start on Monday, Mr. Gerasimov appeared Saturday with, among others, a transvestite singer and a U.S. television star, Don Johnson of "Miami Vice," to play Soviet-West German friendship.

"We should swap jokes, not missiles," the Foreign Ministry spokesman said through an interpreter to the audience.

He was challenged to bet whether two studio musclemen could support a bridge for a 50-man pipe and drum corps.

Mr. Gerasimov bet they could and won. The body builders successfully held up two planks while kilted musicians, who played "Scotland the Brave" and a red, strode over them.

"We don't have programs like this," Mr. Gerasimov said to the moderator, Thomas Gottschalk, during the broadcast.

VISIT: Bonn, Awaiting Gorbachev, Sees Better Ties

(Continued from page 1)

longstanding opposition to West Germany's desire for reunification with East Germany, a subject that Chancellor Helmut Kohl has pledged to raise in discussions with the Soviet leader.

"We don't expect that there will be a 'German card' up his sleeve," said a Bonn official who helped plan the visit.

The attraction of Moscow's more conciliatory foreign policy under Mr. Gorbachev has been the most important factor in leading Chancellor Kohl's center-right government to adopt its role as the North Atlantic Treaty Organization's most influential advocate of better relations with the Warsaw Pact.

President Richard von Weiz-

sacker, whose post, though largely ceremonial, makes him President Gorbachev's host, said in an interview printed on Sunday that it was in NATO's interest to help Mr. Gorbachev carry out his policies for change.

Mr. Gorbachev "has proved that he follows his words with deeds," the West German president said.

Bonn's increasingly assertive support for arms control led to a major split within NATO over short-range nuclear arms policy earlier this year.

Against strong opposition from the United States and Britain, the West Germans pressed for early East-West negotiations on reducing nuclear missiles with ranges of less than 500 kilometers (about 300 miles) and against a NATO com-

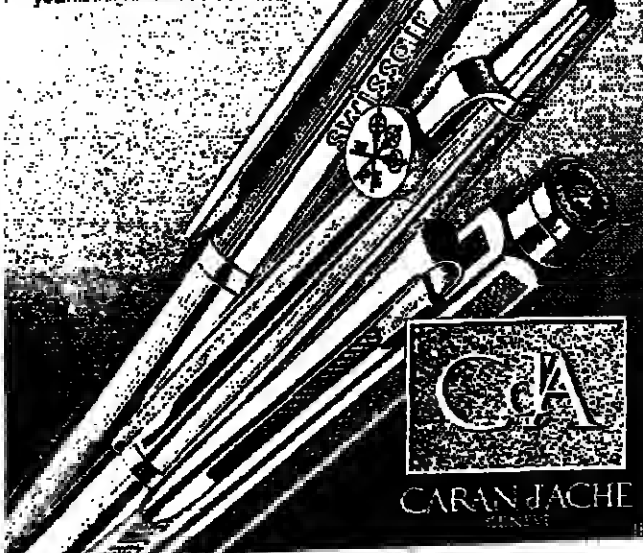
mitment now to modernize such weapons.

The disagreement was resolved in a last-minute compromise at the NATO meeting of national leaders in Brussels last month, but it revealed important underlying differences within the alliance over how to respond to Mr. Gorbachev's policies.

Bonn has been especially frustrated by the campaign of Prime Minister Margaret Thatcher of Britain against early talks on short-range nuclear missiles.

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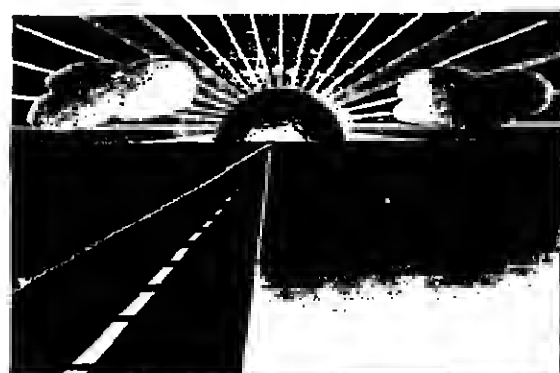
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Herald Tribune

Communism Trembles

to China, what began as new hope for democracy now seems to be trailing off into old repression. A Poland that imposed martial law in 1981 has just completed a free election that legitimized opposition. The new Soviet Congress does not recognize the idea of loyal opposition, but daily listens to critical voices. Other tremors shake communism, from Hungary to Vietnam.

It is tempting to forge all this into a theory of history. Perhaps there is a continuum in the development of Communist states: China is taking the first faltering steps toward democracy and a free-market economy; the Soviet Union is experimenting with the next stage; Poland has advanced to a pre-reform position. But it is difficult to see straight lines, let alone inevitability in an honest look at the facts. Each country seems caught more in its own culture and history. And to keep up with the tumult, U.S. policy will have to be true to its values, and nimble.

Deng Xiaoping and his cohorts loosened state and party controls to promote economic growth, and with some good results. A month ago, students took Tiananmen Square to demand political rights, more or less independent of the economic situation. They had their supporters, apparently, in the ruling party elites, and for a time, power teetered between reformers and hard-liners.

Last week, the hard-liners gained control. For troops to shoot into unarmed crowds horrified the world, but it cleared the streets and clarified the scene. Maybe the spirit of the protesters will lead to more confrontations or peaceful change. Maybe the crackdown will deepen and endure, a result more in keeping with Chinese history.

Soviet economic stagnation prompted Mikhail Gorbachev to grant increasing doses of glasnost. His theory apparently has been that there can be no perestroika or economic reform without political openness. That openness continued to flower last week as the Gorbachev government

announced it would cut military spending by a third in the coming years, and as the head of the KGB called for parliamentary oversight of his dread organization.

But Mr. Gorbachev may not succeed in bringing about a peaceful transition any more than Mr. Deng. It was Mr. Deng who courageously led China away from the tyranny of the Cultural Revolution. And it is Mr. Deng who is being held responsible for last week's brutal crackdown. At some point, Mr. Gorbachev might also come under pressure to use force. He must right now contend with nationalist eruptions from Uzbekistan to Estonia.

What should U.S. foreign policy be in such circumstances? Mr. Bush's formula for handling the Chinese situation is not a bad one: Make absolutely clear where Americans stand on democratic values and use of repressive force, make clear there can be no business as usual — and still try to negotiate on problems of mutual interest.

Poland represents an easier policy problem. Last week, Polish voters rejected the candidacies of the prime minister and 32 other Communist Party leaders to the new Polish Parliament. General Jaruzelski, the Polish leader, not only accepts this but is quoted as saying that the party would relinquish power if it lost the next election, in 1993. Peaceful transfer is a possibility in a country like Poland which has widespread support for democracy. It would be a beautiful sight, something the United States and the West could start encouraging now, with economic incentives.

The earthquakes in the Communist world will go on. With millions of Chinese listening daily to the Voice of America and the BBC, with Russians watching Poles and Europeans, and with all governed by communism increasingly able to compare their misery with the richer and freer life elsewhere, there will be two profound tests: of decency in the East, and of wisdom in the West.

—THE NEW YORK TIMES

No Roar for Hong Kong?

Is there no roar left in the old British lion? After the bloodletting in China, Prime Minister Margaret Thatcher's equivocation over Hong Kong seems spineless, even shameful. Adding insult, Foreign Secretary Geoffrey Howe now declares that Britain "could not easily contemplate" admitting 3.5 million Chinese holders of British passports because that might double the ethnic minority population.

No other democracy has ever forced its passport holders to live under Communist rule. Sir Geoffrey's justification for this surrender of people and principle is downright appalling.

Though she professes "utter revulsion" over China's killing of civilians, Mrs. Thatcher says Britain nevertheless will abide by an agreement made five years ago and hand over Hong Kong to China in 1997. It is hard to see why China deserves such an assurance. True, Britain did agree to turn over the colony, but only under conditions that would ensure a "high degree of autonomy" to protect Hong Kong's freedoms.

How, today, can anyone feel secure that those freedoms would be respected by a Chinese regime that has recently shown itself to be insecure, disorganized, secretive and repressive? The Hong Kong pact cuts two ways. If Beijing's good faith is in question, then Britain plainly has the duty to review and, if need be, void the agreement.

The best outcome would be the emergence in Beijing of a new leadership committed to ending repression and instituting political reforms. Should that happen, there would be no reason not to honor the agreement and allow Hong Kong to become a special administrative region of the People's Republic. Since China obviously

would benefit from Hong Kong's continued prosperity, whoever governs in Beijing has an interest in a smooth transition — which makes Britain's failure to use its leverage the more perplexing.

Even before the present convulsion, there was reason to worry over China's maneuvers on Hong Kong. With too little protest from London, Beijing has sought to impose a basic law on Hong Kong that might block a directly elected parliament until the year 2011. The talks are now suspended; when resumed, British resolve should be stiffened by the huge rallies in Hong Kong in support of the democratic protests across the frontier.

On an altogether different level is the moral question of Britain's obligation to its own passport-holding citizens. Refusing to honor their passport rights means treating Hong Kong Chinese differently from all other British subjects fearing involuntary absorption, as in the Falkland Islands and British Gibraltar.

Further, the notion that Britain would be swamped by a huge influx from Hong Kong defies reason and experience. Certainly about passport rights almost surely would induce most Hong Kong residents to wait and test China's intentions, not join a panicky exodus.

Besides, even if this were not true, it offends decency and honor for Mrs. Thatcher's Conservatives to justify delivering three and a half million British subjects like so many sacks of potatoes to a Communist tyranny. It is hard to believe that a leader so given to invoking the memory of Churchill will persist in this inglorious surrender.

—THE NEW YORK TIMES

AIDS: Hope and Debate

Scientists and public health experts meeting in Montreal last week heard reports offering new hope to those afflicted with AIDS and a speech that is sure to provoke much debate in the months ahead. The two developments are connected.

Two new drugs have proved useful in treating AIDS. One, AZT, has extended the lives of many patients, though it is not promoted as a cure. Another, zalcitabine, appears to be useful in blocking development of a form of pneumonia that kills many AIDS victims. Perhaps the most exciting, though preliminary, scientific news at the conference involves the work being done on an AIDS vaccine.

Just a few years ago, most scientists were extremely pessimistic about developing a vaccine, but that discouraging outlook has begun to recede, and researchers believe that steady progress is being made. Dr. Jonas Salk, the developer of the polio vaccine, leads a team that is working not with the dead virus usually used in vaccines but with part of the core of the AIDS virus. Another group at Duke University has developed a vaccine that incorporates a molecule from the AIDS virus and appears to foster the production of antibodies.

The most promising aspect of the Salk vaccine is that it has been effective in destroying the virus in chimpanzees that are already infected but which did not yet have AIDS. The vaccine has been tested on 19 infected people as well. So far, it is

safe, but it is too early to know whether it will be effective in preventing AIDS among those already infected. It is this possibility — and the availability of new drugs for treatment — that will cause a re-evaluation of current policy on mandatory AIDS testing and contact tracing.

Dr. Stephen Joseph, the New York City health commissioner, has opened the debate that surely will continue for many months. If there is treatment available for AIDS sufferers, Dr. Joseph said, "We will have no choice but to change some of our most basic HIV-related policies." Those policies are now designed to protect infected persons from mistreatment by ensuring confidentiality of all test results, even though this means forgoing the usual public health response of keeping personalized records on the spread of a disease and contacting those who might have contracted it unknowingly from others. Until recently, this made sense, since there was no known cure or effective treatment for AIDS and since guaranteed confidentiality was thought to encourage voluntary testing and voluntary changes of risky behavior. But now that there is a possibility that a Salk-type vaccine can help even those already infected, tracing may become imperative. Scientists are still far from a cure for AIDS, and an effective vaccine is still years away. But as the breakthroughs occur, law and public policy will have to keep pace.

—THE WASHINGTON POST

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On Honecker's Side, Memory Doesn't Fade

By Jim Hoagland

BERLIN—Nietzsche teaches that memory, which recalls "I have done that," eventually yields to pride, which then argues "I cannot have done that." The German nation teeters between memory and pride in the 40th anniversary year of the creation of two German states from the ashes of World War II.

The dominant mood on the western side of the Berlin Wall is to forget and to have others forget. Pride is asserting its anesthetized force. West Germans move assertively to shed the burden of guilt from the war and to erase lingering traces of the occupation it brought.

Ultimately this means erasing what the historian Fritz Stern has called "the permanently provisional" division of Germany. The West German constitution, which makes unity the act that will remove the last vestiges of German guilt and defeat.

Here in East Germany, the compulsion is to remember. But this is an exercise in power politics, not in morality. East Germany's Communist leadership clings to history as a source of legitimacy. Amid the turmoil that challenges Communist rule in Beijing, Moscow and Warsaw, leaders here work to keep the legacy of Hitler and the commitment of Stalin in full force as an essential prop for their rule.

A mirror image of West German concerns exists here behind the Wall. For having fought against Hitler and having ruthlessly purged Nazis, Erich Honecker and his colleagues claim a moral authority strong enough to dispense with Western democratic freedoms. And they constantly remind their superpower patron, the Soviet Union, of its commitment to keep Germany divided.

In a long conversation, Mr. Honecker says out loud what Europeans and Americans who share his conviction only whisper: Germany must never be reunited because it inevitably would represent a threat to peace. Reunification, says Mr. Honecker, is a "fire-dream."

The East German leader's contribution to the renewed discussion of the German question is heavily weighted with self-interest. His regime would not survive if the "fire-dream" came into being. Reunification is as much his nightmare as it is of French and Soviet generals.

The shrewd and resilient Mr. Honecker, leader of the East German Communist Party for 18 years, argues that Hitler's legacy hangs permanently over the German nation, which must pay the price of division forever. "No body could have an interest in having a state again in the heart of Europe which would be so difficult to keep under control," Mr. Honecker says.

Mr. Honecker chooses his moment deliberately, emphasizing the dangers of changes in the division of Europe on the eve of the visit by the Soviet leader, Mikhail Gorbachev, to Bonn, which recently hosted President Bush.

Mr. Honecker gives his visitor no hint that he shares the fears of some Western observers that Mr. Gorbachev would support a deal to reunify Germany as a neutral state. But the East German leader takes the opportunity of the interview to remind the Soviets that they tamper with peace in Europe if they tamper with the division of Germany.

Mr. Gorbachev's problems, and the popular revolts against Chinese and Polish Communist parties, would seem to confirm Mr. Honecker, who is 76, in his opposition to opening up his repressive system now. He credibly asserts that he introduced economic decentralization and incentive programs in the 1970s similar to Mr. Gorbachev's perestroika.

Mr. Honecker's relations with Mr. Gorbachev do not seem to be as strained as is thought, or perhaps hoped, in the West, where the East German rejection of perestroika and glasnost has been interpreted as a challenge to the Soviet leader.



The Impresario's Clever New Show

By Brian Beedham

LONDON—By accident or design, Mikhail Gorbachev may have hit on a way of easing the central problem that faces any Communist reformer. It is dangerous to speculate about the Communist world these days — who foretold, a couple months ago, what has happened in Tiananmen Square? — but the recent sessions of the Soviet Union's new parliament suggest that Russia under Mr. Gorbachev may have found a way of steering round the disaster that hit China.

The disaster in Beijing came about because, in China, economic reform got way ahead of political reform. The economy had been partly opened but the Communist Party was still tight shut. When the inescapable difficulties of economic reform showed themselves — inflation, some people getting richer than others, the whole complex business too easily dismissed as "corruption" — those intelligent men who saw that the answer was more reform, not less, were powerless to make their case. The cautious, frightened majority of the party was able to call on the mechanisms of repression and did so. An unreconstructed party behaved in the only way it knew.

Mr. Gorbachev has not reconstructed the Soviet party but he has given it a heck of a whack. He insists on keeping the one-party system. The proportion of party members in the new parliament, more than 80 percent, is even higher than in the old one. The parliament's main decisions — the selection of the smaller inner body that will do most of the work, and the reappointment of the loyal Nikolai Ryzhkov as prime minister — were stage-managed in the old way. Yet, within these limits the new parliament's first session displayed a remarkable openness and vigor.

The KGB was attacked, to much applause. Mr. Gor-

bach's own handling of perestroika came in for some tart questioning. On several big issues two sides of the question were heard, and debated. It is not pluralism but it has a whiff of proto-pluralism.

The sight of Communists arguing with themselves has the effect, at least for the moment, of depriving the party of the authority that speaking with a single voice used to give it. That authority was important to Soviet conservatives; it was because Mr. Gorbachev's changes undermined party authority that they resisted the changes. The conservatives, though still in large numbers, are now

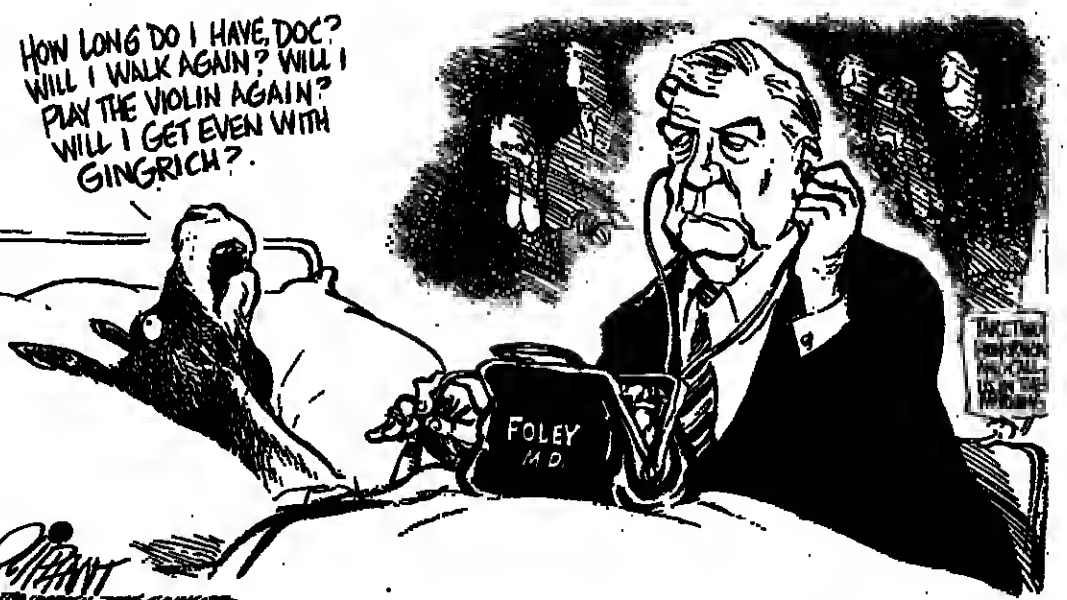
Gorbachev's new Congress has kept Soviet conservatives off balance.

on the defensive. They have had to listen to people telling them, on television, that they have no ideas of their own about how to rescue the Soviet economy. They have had to put up with painful truths on other subjects.

All this may make it easier for Mr. Gorbachev to organize the further changes the economy urgently needs — not least the radical freeing of prices without which any hope of a competitive economy will never become reality. Such changes are fearfully difficult, because they require the upending of the psychology of the past 70 years. They may now be somewhat less difficult, if the guardians of that psychology are divided and confused.

In the West people tend to assume that economic pluralism draws political pluralism along behind it. The recent evidence from China and Russia may be that in the Communist world, where the politics are so much more rigid, the political breakthrough must come first. By that test, Mikhail Gorbachev is still not doing badly.

International Herald Tribune.



In Britain, a More Human Ethics Code

By Dudley Fishburn

The writer is a Conservative member of Parliament.

No payments of any kind and no conflicting interests are allowed. Here ethics are easy. A member of the government has a job — he is working for the queen. He may, therefore, do no other work.

On the other hand, the humble

backbencher does not have a job as such: He is there as a matter of constitutional right. If the people elect a fraud, a drunk or a jailbird (and they frequently have all three — with their eyes open, too) — that is their right.

If an MP makes a speech that touches on one of his interests, then he simply says so during the course of his oration. Lying to the House or even misleading it is the one great sin in British politics. (It was this that made John Profumo, secretary of war, fall in 1963, not his philanderings.) No member of Parliament would think for a moment of putting his career at risk by not declaring an interest. Sometimes it lessens the impact of his speech, often it does not.

Responsibility for behaving properly rests with the individual MP, not with an outside rule book.

given to moral outrage — except when upper-class Tory members of Parliament flirt with working-class ladies of leisure.

This is how the system works. A backbencher member of Parliament — that is, one who does not also have a post in the government or executive branch — is permitted, even encouraged, to take on outside employment.

He may be a consultant to a trade union or a bank; he may practice law or be a farmer; he may even host a talk show. Whatever he does to bolster his yearly pretax salary of £24,000 — that is a little less than \$40,000 — is permissible. But he must declare his employment, though not the amount that it pays, in a register that is made public. Into this register also go any foreign trips that may have been made at someone else's expense.

Once an MP is appointed to a post in government, the rules change. None of these 100-odd MPs can take an outside job. All work is given up.

What an MP weighs in his mind as he makes a speech or moves an amendment is not "ethics," as some extraneous, restricting barrier, but ethical behavior: that still small voice

within. For many, the voice is too small to be heard: Recently an MP resigned because he went for spanking small boys. But resignation, not imposed righteousness, is the proper course for these people. The honorable resignation, even for dishonorable conduct, brings its own tribute: Well done, Tony Coelho.

When I arrived in Parliament, I gave up my job as executive editor of The Economist. My fellow backbenchers advised me to "get a job" that would help with the bank account, as well as raise my intellectual sights to something slightly healthier than the ceaseless contemplation of politics. So now I act as a consultant to a bank, an American law firm and I am on two nonremunerated university boards and the board of the English National Ballet.

Consider this: I recently moved an amendment to protect rural uplands for the National Trust, a charity that looks after England's old estates, of which my father-in-law was, until recently, director general. No pay, just the hope of parental approval. Was this changing the law of England just to get a better slice of the Christmas turkey — and therefore unethical? Or was it moving an amendment about something I knew and cared about? The still, small voice gave me the go-ahead; my amendment failed.

The sins of the world are many — many more than any code of ethics could seek to cover. The more "ethics" are the outside voice of the public or the press rather than the inside one of the politician, the less ethical will be that politician's behavior.

The New York Times.

From Aristotle To Lee Atwater

IN Lee Atwater's native South, there is a term for the political style at which the Republican national chairman excels: "hecking it," meaning red-necking it. It is what H. L. Menck- en called "boob-bumping" demagoguery designed to arouse the suppressed bumptious in us all. There is a lot of bumptious in Lee Atwater.

Now one of Mr. Atwater's subordinates at the Republican National Committee has issued a flyer on the new Democratic speaker of the House, Tom Foley. It said that Mr. Foley is "out of the liberal class" and compared his voting record with that of another House Democrat who happens to be homosexual. When howls of protest arose, Mr. Atwater claimed the innuendo was news to him. The subordinate resigned and took the fall.

This sort of politicking reminds us that democracy is a very risky experiment. In fact, since Aristotle's time, popular sovereignty — self-government — has had a hard time with philosophers and wise men. They argued that it was only a step from mob rule, and had a natural tendency to degenerate into it. It begins to look as if Aristotle had a point.

What an irony that just as the Chinese are dying and facing down tanks for a taste of democracy, people like Lee Atwater are turning it into a swamp of triviality and innuendo.

— Edwin M. Yoder Jr. in The Washington Post.

100, 75 AND 50 YEARS AGO

1889: Liberals Jubilant
BRUSSELS — The demonstrations against the Government in consequence of the revolution of the Monarchist trial are assuming greater importance than was at first expected. To-day [June 11] took place the balloting for the election of a Deputy for Brussels. The Liberals have sunk their differences and voted as one man for M. Janson. He was elected by 10,539 votes, as against 8,602 given to the ministerial candidate, M. de Becker. When the result of the polling became known, the popular enthusiasm knew no bounds. The streets were thronged with people, shouting: "Down with the Cabinet!" and "Vive Janson!" alternately. A band of several thousand persons besieged the offices of the Catholic newspaper the *Paroisse* and broke all the windows paneled. It has been judged necessary to supply each of the Ministers with a strong guard of police. Prominent Liberals have, on their side, been accorded an ovation, and at present

their houses are being surrounded by a cheering multitude.

1914: Virtuous Fashion

NEW YORK — Three thousand women delegates to the National Convention of Women's Clubs at Chicago yesterday [June 10] passed a resolution declaring that the present-day fashions are immodest, uncomfortable and unattractive, and calling on American women to boycott the French designers and encourage virtuous American styles. Speeches were made by women delegates declaring that the French styles were made primarily for loose women and were corrupting to all feminine modesty.

1939: A Book Shelter

DUBLIN — An air raid shelter is being built under the library of Trinity College to protect the Book of Kells and other priceless manuscripts which the need arise. It will be lined with about three feet of armored plate.

The New York Times.

Aviation: Planning for the '90s



Visitors to the Paris air show assess the Airbus, which currently has 17.2 percent of the international market.

Industry Rides Wave of Expansion

By Robert Bailey

PARIS — The 38th Paris Air Show is taking place at the most expansive period in world aviation history. Indeed, the future of aircraft manufacturers has never appeared more secure, with world passenger traffic alone forecast to double in the 1990s to more than two billion journeys a year by 2000.

The industry's optimism is underlined by record order books now held by all major airplane manufacturers in both Europe and North America. In spite of this, however, the skies are not entirely cloudless. Safety and security questions, while not the focus of public attention they were six months ago, continue to loom as major unresolved issues for the future.

How far can aircraft be "stretched" without compromising the airworthiness of original aeronautical designs? How reliable are computerized "fly-by-wire" aircraft? These are un-

resolved technical questions, despite manufacturers' expensive marketing campaigns and the reassuring statements made to the traveling public.

Security probably remains the most serious problem for the aviation industry in the next decade. How much inconvenience, particularly in terms of time taken at check-in, are passengers willing to tolerate? How much investment will airport administrations be willing to make in high-cost detection equipment, as well as in training and recruitment of specialist staff?

But the 1,500 companies gathered at the Paris show, which ends Sunday, are aiming first and foremost to market aircraft and aerospace equipment to potential customers, and questions on such issues are unlikely to be uppermost.

The Soviet Union, for example, despite the setback of the MiG-29 crash last Thursday, is using the 10-day exhibition to project its design capability in both civil and military aerospace manufacturing. It is hoping that a new generation of civil airliners will prove attractive, par-

ticularly to East European countries where carriers such as Interflug, LOT and Males have begun to make purchases of Western aircraft for the first time.

International demand for new aircraft is expanding at such a pace that Boeing this year revised its 15-year forward sales projections — estimates made just one year earlier — upward by 22 percent.

According to the Seattle-based manufacturer, expenditures could total a staggering \$480 billion, with 70 percent of purchases resulting from a need to accommodate increased passenger traffic. This will be stimulated by a decline in the real cost of air travel due to more economical aircraft, lower personnel overheads and stable fuel prices. Rising discretionary incomes also will be reflected in greater spending on leisure, Boeing predicts.

Airlines all over the world are gearing up for this surge, which is expected to be felt particularly on long-distance routes. Japan's All Nip-

Continued on page 12

Europe Facing Congestion Crisis

Commuter Airlines Vie For Burgeoning Market

By Peter Middleton

LONDON — A new 50-seat jet airliner is being developed from the Canadair Challenger business jet to attack the regional airline market, currently dominated by turboprops. Scheduled to fly next year and to be in service in 1992, the Canadair Regional Jet (RJ) is the first credible attempt to bring the passenger appeal of jets to this short-range, small-airliner sector.

Potential customers operate with small profit margins, however, so they will weigh carefully the marketing and productivity advantages of the good-looking, fast jet against the lower purchase price and operating costs of its turboprop rivals.

The new jet is designed to expand the catchment radius of airlines providing feeder services into the big U.S. hub airports. It will also permit the development of a perceived new interregional business travel market within Europe, where liberalization of the air transport industry after 1992 may combine with congestion at major airports to encourage direct services between secondary centers, typically 500 miles to 1,500 miles (800 to 2,400 kilometers) apart.

Such routes are unlikely to have the traffic to support current jets — the smallest of which seats almost twice as many passengers as the RJ — and could be tedious for passengers if they had to fly in much slower turboprops.

The first customer for the 500 mph RJ is Lufthansa's regional airline

Continued on page 12

Aides Fear Overcrowding Could Slow Deregulation

By Barry James

PARIS — European Community officials are planning proposal for a major new round of airline deregulation aimed at reducing bureaucracy, increasing competition and bringing down fares in the European single market after 1992.

But the airline industry warns that increased liberalization is likely to come up against a solid wall in the form of overcrowding at airports and in the skies over Europe.

"The overcrowding of European skies could put the whole air transport liberalization process at risk, either seriously slowing down the process or ruining it altogether," said Günter Eser, the director general of the International Air Transport Association, IATA, in a recent speech.

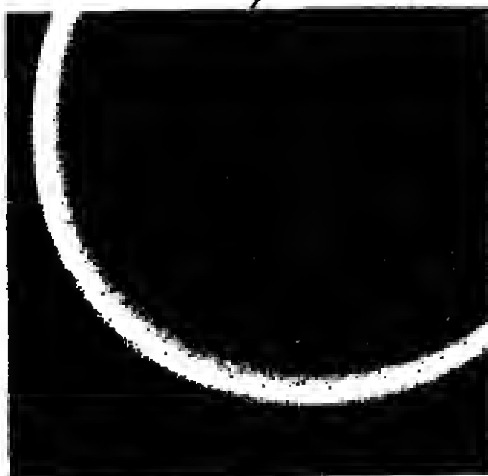
IATA, which represents the airlines, probably knows more about the congestion problem from a global perspective than any other organization. A year ago, it set up an industry task force on congestion with the participation of governments, the International Civil Aviation Authority and the airports in an attempt to come up with short- and long-term solutions to the rapidly worsening congestion crisis.

"A lot of our activity has been concerned with solving the day-to-day problem of bottlenecks in Europe," said the chairman of the task force, Captain Dick White, who recently retired as chief operating officer of Aer Lingus.

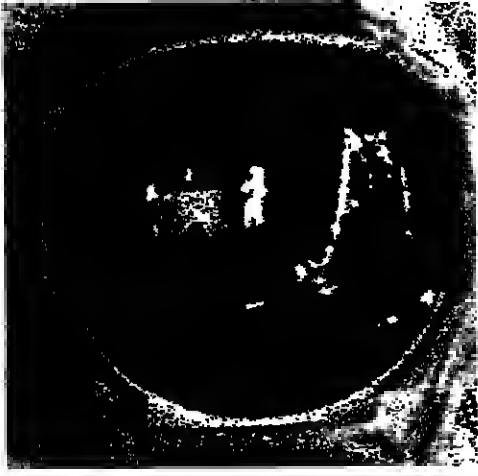
Mr. White acknowledged that progress so far this year has been

Continued on page 10

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UNITED TECHNOLOGIES

Europe Is Facing Airport Gridlock

Continued from page 9

disappointing, with heavy delays to the first quarter which, he said, created pessimism about what is in store for the peak months.

One reason for those delays is that some governments required air traffic controllers to clear up their leaves and accumulated overtime before the summer rush, meaning that there were shortages of controllers in critical areas earlier this year.

"Provided there are no strikes, I am reasonably optimistic that the peak summer period will be no worse than last year and possibly somewhat better," Mr. White said.

Depending on the region, traffic has grown between 10 percent and 14 percent since last summer, when delays were already among the worst on record in terms of both frequency and duration. European transport ministers held their first-ever meeting last October to try to find ways to prevent another such crisis this year.

One of their principal decisions was to improve what is known as the "flow control" system, which air traffic controllers use to limit the number of aircraft in their airspace at any one time. Flow control takes into account all aspects of a flight, including conditions at both takeoff and arrival airports. This means that an aircraft cannot take off until it has received clearance from all the traffic control centers along its route and a guaranteed landing spot at the other end. There have been cases where the failure of busy controllers to answer a telephone have led to long delays.

Last year, 22 air traffic control centers in Europe applied flow control measures, with little proper coordination. In an attempt to improve the situation, the five major control centers — London, Paris, Frankfurt, Rome and Madrid — have been linked by a common communications system.

"It is not just a matter of a conference telephone," Mr. White said. "It is a highly complex business of getting flight plan data and data bank information, planning ahead strategically and integrating information with problems like weather, and so on."

The European Civil Aviation Conference is working on a plan to establish two central, and interlinked flow control centers in Europe by 1994, one in Brussels to handle all the traffic in Western

Europe, and the other in Moscow to coordinate flights in Eastern Europe.

The Americans, who have one flow control unit for the whole of the United States, are spending a lot of time and resources in increasing its technology and capability," Mr. White said. "Flow control is not just a crisis tool. It does help to produce more capacity out of the system than if you don't have it."

Mr. White said the IATA task force is looking at a number of technological solutions to the congestion crisis. These include increasing the number of runway exits to increase airport capacity, reducing the three-mile (4.8-kilometer) separation between landing aircraft, a standard set in 1947, narrowing the space between parallel runways and introducing new microwave landing systems that promise the possibility of curved as well as straight approaches to airports.

But these are all short-term measures aimed at weathering the crisis over the next few years.

"What we are trying to do," he said, "is at least to make sure the system is capable of doubling traffic by the end of century while we start working on long-term plans."

But technological fixes are no use unless there is an improvement in the labor situation that until now has led to repeated delays in the entire system. A strike or go-slow in one country can have widespread spillover effects. At their meeting last year, the ministers promised to make staffing problems a matter of priority.

Mr. White said there has been a lot of progress in improving industrial relations between governments and the air traffic controllers on whom the system depends.

"Six or eight states have signed long-term and progressive agreements with their controllers, and several of them have co-strike clauses. By and large, we see a considerable improvement in some of the key areas like France, the United Kingdom and Scandinavia," he said.

One major problem is the shortage of controllers throughout Europe that is the result of both the regional expansion in traffic and, Mr. White said, "the poor forecasting for which we, the airlines, have to take some responsibility."

The task force would like to see a common two-year syllabus for trainee controllers throughout Europe as a means of preparing for



Crowds at the Frankfurt airport: An IATA task force is trying to find solutions to European congestion problems.

the better integrated airspace hoped for in the future.

During the busiest summer months, several governments are again likely to make military air space available to civilian aircraft when it is not needed for training purposes.

Operating fewer but larger aircraft has sometimes been mentioned as one solution to the congestion problem. Mr. White said he doubted this would be adopted in Europe.

Apart from the short-term measures it has already proposed, the IATA task force is working on a plan for the long-term alleviation of traffic congestion, which it will present at the association's annual meeting in Warsaw next October.

FAA Center Coordinates U.S. Air Traffic

WASHINGTON — Before sunrise on a recent Wednesday, the guardians of the United States' air traffic routes were already gazing into their computers at Federal Aviation Administration headquarters.

Pockets of thunderstorms were pelting the Northeast. That would mean traffic delays for flights into New York airports. Chicago's traffic, slowed by morning rain, was further slowed by a convention that had drawn a large number of business jets.

The controllers ordered slowdowns for arrivals into New York and quickly reconfigured routes for Chicago-bound jets. Philadelphia's traffic was directed further south to avoid the storms. Atlanta's westbound traffic, in turn, was shifted to allow the Philadelphia traffic to blend into the flow.

Such maneuvers occur every day in the FAA's nerve center, known as Flo Control. By 1 P.M., Flo Control's technicians would be monitoring the progress of 3,172 jets traversing the skies, and by day's end, would have initiated routing changes or delays that affected 15 airports from San Jose, California, to Charleston, South Carolina.

Established during the 1981 controllers' strike, the program has evolved into a tool used by the FAA to cope with the mushrooming jet traffic in a booming industry. Now the FAA is looking to assist European controllers in establishing a similar program that

will improve coordination among European controllers.

Traffic congestion in Europe is primarily airborne, while in the United States, Flo Control is used to battle backups caused by a shortage of airport gate space on the ground.

Before the controllers' strike in the United States, during which 11,000 of the nation's 16,000 controllers walked off the job, the FAA used airborne holding during airport rush hours and allowed jets to stack up over airports while waiting to land.

With the strike, and a drastically reduced work force, the FAA abandoned such complex maneuvers to ensure safety. The FAA began holding jets on the ground at their departure airports. Flo Control was born.

Still, air traffic congestion in the United States has not been eliminated. The volume of air traffic swells annually. The only planned new airport in the entire country, in Denver, is mired in local politics and has been challenged in court.

The controller work force is less experienced than the controllers of the pre-strike era, and the FAA has been slow to upgrade controller facilities and acquire modern equipment. Control facilities in major cities such as Chicago, Los Angeles and New York suffer from chronic understaffing and low morale.

Controllers working these major hub airport cities complained in a recent survey that Flo Control is feeding them more jets in peak periods than they can safely handle.

Although the airlines have readjusted their schedules, spreading flights away from the peak hours, the entire scheduling system still ties individual airports together. The passenger traveling from San Jose to Washington, D.C., must still pass through Denver or Chicago. Local thunderstorms at two or three key airports can effectively paralyze the entire country.

Laura Parker

widely available as part of the Community's infrastructure development.

Unless the investment is made to enable air traffic to grow at its natural rate, Mr. White said, "then the total economic life of Europe will be constrained to some extent, which may never be measurable because one will never know what would have happened if the investment had been made."

BARRY JAMES is on the staff of the International Herald Tribune.

Security Measures Are Erratic, Vary Widely by Location

By Laura Parker

WASHINGTON — When Judith Kipper tried recently to fly to New York from Rome, she found herself in a face-off with airline security agents and learned firsthand of new vigilance in Europe to thwart airline terrorism.

Ms. Kipper is a Middle East scholar with the Brookings Institution in Washington.

But to Trans World Airlines, she fit the profile of a bomb courier. She arrived at the check-in desk late. She was traveling alone. She had just come from Tunis and her passport contained a large number of visas from Middle East countries.

TWA barred her from the flight. Her case, while extreme, is also isolated. Nearly six months after the bombing of Pan Am Flight 103, there still is no systematic approach to handling international airline passengers, and technology lags far behind the bomb-makers' skills.

Interrogation of passengers, while increased, is erratic. Hand searches of carry-on baggage are often cursory. It is not uncommon for checked luggage to slip on board without being X-rayed. X-ray equipment at most airports cannot detect the plastic explosives that are now used in making bombs, and more modern technology is still not widely used.

Elaborate security screening procedures such as those used at the Zurich Airport to inspect parcels and transfer passengers are not duplicated elsewhere.

THERE is dispute among security officials on both sides of the Atlantic over whether portable electronic equipment, such as portable computers or radio cassette players like the one that contained the bomb on Flight 103, should be banned from international flights.

U.S. Transportation Secretary Samuel K. Skinner, who opposes such a ban, concedes that his view is opposed overseas.

"In the real world, any security program has to have the right balance between the threat that exists, the procedures and the very practical need to move millions of people through a public facility on some type of scheduled basis," said Monte Belger, the Federal Aviation Administration's deputy in charge of security.

Mr. Skinner is still working to forge agreements with his counterparts in Europe over new security procedures. His request that the FAA review security plans of Eu-

ropean carriers operating in the United States has met with some resistance, but he said he is more optimistic about reaching agreements to install high-tech bomb detecting machines, priced at \$1 million each, at high-risk airports.

As a trial, Mr. Skinner and British Transport Secretary Paul Channon have agreed to install a machine at John F. Kennedy International Airport in New York and another at Gatwick Airport near London in July.

At home, Mr. Skinner has suggested that the devices are neces-

A security program has to have the right balance between the threat . . . and the very practical need to move millions of people through a public facility.

sary and that U.S. airlines finance them themselves. The devices, known as thermal neutron analysis units, will not be available until later in the year.

But Mr. Skinner has not yet ordered the airlines to acquire the devices. The airlines, meanwhile, argue that the target of the terrorists is the U.S. government, not the carriers, and, therefore, that the government should finance the extra precautions. The airlines have pressed the government to spend \$66 million to acquire 66 of the TNA units.

That it took the bombing of Flight 103 to jolt U.S. officials into action has perplexed those in the security business who have long warned that present procedures, which were adopted in the early 1970s, were inadequate.

The bombing of Flight 103 was the second bombing of a Pan Am jumbo since 1982 and the third known occasion that the airline was targeted with a small, plastic explosive. Throughout the 1980s, the number of bombings has steadily increased.

"We've known about this threat since 1982," said Billie Vincent, who headed the FAA's security division in the early and mid-1980s. "At some point, we should have built a comprehensive system to detect these bombs."

LAURA PARKER covers transportation for The Washington Post.

Iraq Sheds Role of Captive Market

Purchases Tied To Technology And Production

By Kenneth R. Timmerman

BAGHDAD — When Iraq put on display dozens of new weapons projects here last month, the message to its foreign suppliers was clear. Iraq no longer seeks to just purchase weapons, it wants production and maintenance technology as well.

It was a painful message for many of Iraq's arms suppliers, accustomed to a huge captive market. Iraq is the second largest arms importer after India in the Third World, and the largest Third World market for many Western aerospace companies.

The French have traditionally led the way in Iraq, with arms sales since the beginning of the Gulf war that have been estimated at a total of more than \$17 billion.

Now the French — and Iraq's other suppliers, including the Soviet Union — must compete in a different game: Who can supply the best technology transfer package?

"We are determined to build up our own aircraft industry, based on license production of an advanced jet trainer," Lieutenant General Amer Rashid al-Ubeidi said in an interview in Baghdad last month. Iraq's need was so urgent, General Rashid said, that all major contract awards concerning this multibillion-dollar program, called the Fao Project, would be made within the year.

General Rashid is one of a small group of highly qualified technicians who make the real decisions in Iraq's newly created Military Production Authority. He was one of those responsible for the development of Iraq's missile program, a project so secret that even after the first missiles were launched against Tehran in February 1988, no one quite believed it truly existed.

"All over the world you can hear people bragging about how much they will do," the general ooted, "and at the end of the day they have nothing. We have chosen to keep silent all these years, even as others mocked us. And today we have something to show that no one can deny."

The array of locally produced or modified military equipment that Iraq put on display last month included everything from small arms to major weapons systems.

Besides a dozen different missiles, some still in development, the Iraqis showed evidence of new weapons development and sophisticated modifications that surprised many Western observers. Among these was the marriage of a Soviet-supplied laser-guided missile to the French Mirage-F1 fighter-bomber, using a Thomson-CSF "Atis" laser-designation pod to guide the Soviet missile to its target.



Iraqi technicians wheel away a MiG-29 after a demonstration flight.

Another Iraqi surprise was the fitting out of an Ilyushin-76 jet transport aircraft as an airborne early warning system, using British and French radar technology. Iraqi officials said the plane was used with success against Iran during the final months of the war. Besides a Collins IFF transceiver, the Iraqi plane uses a belly-mounted fiberglass radome in place of the cargo door, and a Thomson-CSF "Tiger G" early warning radar.

Iraq's arms industry is a recent creation. The first turn-key powder and propellant factories were delivered by the Soviet Union in 1976-1978.

Driven by the war and the crushing burden of its foreign debt, Iraq turned in earnest to local arms production in 1984. But the crucial moment came in 1986, when France and other suppliers refused to enter substantial new contract negotiations until Iraq had paid its outstanding military bills. The Iraqi military debt to France currently stands at around \$4 billion, according to French officials.

"I am personally grateful to many of the 'no's' we received from our arms suppliers," Lieutenant General Amer Hamoudi al-Saadi said in a recent interview in Baghdad. General al-Saadi is first deputy at the Ministry of Industry and Military Industries, which was set up in 1987.

Areas of Iraqi production strength include electronics — thanks to extensive agreements with Thomson-CSF — munitions and military-related chemicals. Now it wants to set up an aerospace industry for local assembly of an advanced jet trainer and for depot-level maintenance of its entire fleet of nearly 500 advanced combat aircraft.

The jet trainer contract pits four main com-

petitors, Avions Marcel Dassault/Breguet Aviation (France), British Aerospace, Aeritalia (Italy) and CASA (Spain).

But only two entries remain under consideration for the off-the-shelf buy of an advanced ground-attack fighter: Dassault's Mirage-2000S and the Su-26 (the one glaring absentee in the Soviet display at this year's Paris Air Show). Iraq's total aerospace needs, minus the weapons complement, is estimated at \$6.5 billion.

Iraq's arrival on the scene as a weapons producer is the most spectacular of a series of Third World entries in recent years.

In the Arab world, Iraq is the second country after Egypt to set its sights on extensive local weapons production. But it is not alone. Jordan dismantled a significant share of local maintenance training in its recent Mirage-2000 deal with France, as well as construction of an overhaul facility for its aging Mirage-F1 fleet. The technology transfer deal was considered of greater strategic importance than 12 Tornados from British Aerospace, which Prime Minister Zaid al-Rifai finally canceled on March 25.

Even Saudi Arabia, not generally considered an arms producer, has recently entered the game, with production starting this year of a locally developed armored vehicle.

The question for many Western suppliers becomes not how much they can continue to sell, but how much proprietary technology they can retain in future arms deals. For as Third World clients demand an increasing share of local assembly, they will also become privy to many Western production technologies.

KENNETH R. TIMMERMAN is editor of Middle East Defense News.

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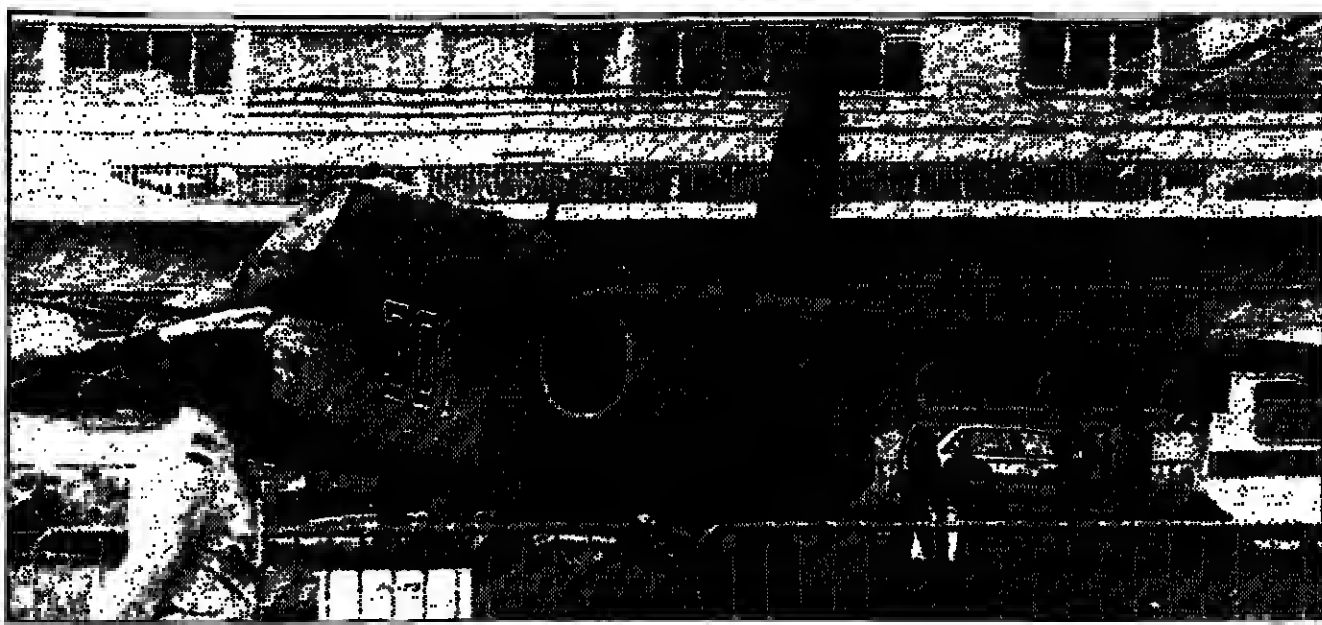


A NUMBER OF YEARS AGO A FEW MEN
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THAT'S A REALITY! THROUGHOUT HISTORY IMAGINATION
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AIRBUS AND ATR FOR THEIR FLEETS. WE ARE ENTHUSIASTIC ABOUT
THE TECHNOLOGICAL INNOVATIONS THAT ARE LEADING US CLOSER
TO THE LAUNCH OF HERMES, AND ARE PROUD OF OUR IMPORTANT
ROLE IN DEFENCE, OF THE GROWING NUMBER OF MULTIPURPOSE
SATELLITES LAUNCHED BY ARIANE, AND OF THE DEVELOPMENTS
OF THE NEW HAP/HAC AND NH-90 HELICOPTERS. FOR AEROSPATIALE
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AEROSPATIALE: IMAGINATION AND BEYOND



The Soviet Su-25 ground attack plane, seen in the West for the first time, played a key role in the Afghan war.

Combat Aircraft Market Heats Up

By Robert Bailey

LONDON — There are some 33,000 combat aircraft in service with air forces throughout the world. Many of these will be ending their operational lifespan during the 1990s, and the race is on between manufacturers in the United States and Europe to supply their replacements.

Manufacturers' military sales are likely to be boosted as well by the needs of industry to recoup production costs and reduce unit costs through export sales. As a result, there are increasingly fewer restrictions placed on the supply of sophisticated combat aircraft to customers outside the North Atlantic Treaty Organization and Warsaw Pact areas.

The trend has been graphically illustrated in recent times by the supply of French Super Etendard fighter bombers armed with Exocet missiles to Iraq, the U.K.'s Tornado deal with Saudi Arabia and most recently by the Soviet Union's sale of Su-24 strike aircraft to Libya.

Soviet export policies have changed markedly in the last few years, with even the most advanced aircraft being marketed on a commercial basis and strictly for hard currency.

The Third World in general, but particularly the Middle East, is a focus of many sales efforts. At the Paris Air Show, the Soviet Union planned to display six combat aircraft: two variants of its Sukhoi Su-27, two Su-26s, and two MiG-29 fighters, but one of the latter crashed on the show's opening day. The MiG-29 made its international air show debut at Farnborough last year.

Some countries with sufficient technical and industrial infrastructure are trying to develop their own combat aircraft independently of the United States or Europe. However, the costs of going it alone are prohibitive and in the end proved too much even for Israel, which has a well-established aerospace and electronics in-

dustrial base, and led it to cancel its ambitious Lavi project.

Similar budget overruns are already whittling away at India's development of a single-seat delta wing jet fighter. Some 1.3 billion rupees (\$80 million) has already been spent on the fighter, which is not expected to fly until 1996 at the earliest. In any event, a final product is likely to rely heavily on acquired technology and components rather than purely home-developed products.

The main problem in the development of combat aircraft for the next decade is that materials, electronics and their integration into new designs are at the leading edge of current technologies, with research and development costs on a scale greater than experienced in any previous programs.

The European Fighter Aircraft development has only taken off with an understanding by the British, West German, Italian and Spanish governments that contracts will be fixed price. These are based upon fully detailed specifications that convert the defined operational needs of the four countries' air forces into contractually binding technical requirements.

Getting the cost parameters right has become as important to a project's success as solving problems of technology. There are still unresolved questions concerning the ultimate viability of the EFA program, but at the moment it appears to have a much more solid foundation than the rival Rafale development being undertaken by the French companies Dassault, Thomson-CSF, Electronique Serge Dassault and Saab.

Having apparently lost the prospect of Belgium collaboration earlier this year, the 35 billion franc (\$5.4 billion) Rafale project at present will have to be funded entirely by France. The picture is also clouded by proposed cuts in French defense expenditure, which may delay entry of the new fighter until the end of 1996.

Technological problems of immense complexity also face those developing the new generation of fighters. This was illustrated in February when Saab's prototype Gripen aircraft crashed during its first flight, when its computerized control system malfunctioned.

Nevertheless, it is a desire to participate fully in the development of new technologies that is driving European efforts, even though combat aircraft with similar characteristics could be purchased at less cost from the United States. With this in mind, General Dynamics has offered an updated version of its F-16, known as the Agile Falcon, and McDonnell Douglas its F-18 derivative Super Hornet 2000.

Meanwhile, the countdown continues for one of the biggest military contract competitions ever in the United States, involving design bids for the Air Force's advanced tactical fighter and the Navy's advanced tactical aircraft.

The full production contract for the ATF, which could be worth \$45 billion, is being pursued by two consortiums. One links Lockheed, General Dynamics and Boeing Military Airplane Co. and the other Northrop and McDonnell Douglas.

Observers believe that final selection of the consortium that will build these aircraft could determine which manufacturers will survive as producers of U.S. combat aircraft beyond the year 2000.

The next century may well see a new center of industrial power in the aerospace field with the steady entry of Japan into advance aircraft manufacture. However, the debate over the FSX project — and the questions raised about the supply and sharing of technology between Japanese industry and General Dynamics to produce a new fighter in Japan, based on the latter's F-16 — has fueled a bitter controversy.

Supporters of the deal see the FSX agreement as a collaborative venture likely to yield mutual technical benefits.

Rivalries Stall Asian Booking Unit

By Michael Richardson

SINGAPORE — Plans by countries in Asia and the Western Pacific to develop a common airline and travel booking network to counter the power of giant computerized reservation systems in the United States and Western Europe have been aborted by aviation rivalries and considerations of national prestige.

Instead of a single Asia-Pacific CRS, at least two rival groupings have emerged, each of which is connected to competing American networks.

The Abacus system has Singapore Airlines and Cathay Pacific Airways of Hong Kong as founder members. In January, China Airlines of Taiwan, Malaysian Airlines System and Philippine Airlines signed letters of intent to join. Royal Brunei Airlines signed on May 30.

Qantas Airways of Australia is the prime mover behind the second CRS, known as Fantasia. Japan Air Lines took part in the feasibility study for the new network but has not yet agreed to share development costs, which would confirm full participation.

In the past few months, CRS alliances in the Western Pacific have been broken and new ones formed as airlines maneuver to gain the most advantageous position for themselves.

Aviation analysts in the region said it was still not clear which group would emerge in the strongest position. Nor is it certain, if they continue to be two or more rival CRS consortiums, whether they will be strong enough to safeguard the interests of their members in negotiating distribution rights with airlines that control the huge travel reservation network in North America and Europe.

Most Asian and Pacific airlines are not yet firmly committed to either Abacus or Fantasia, although officials of both systems asserted that alignments would harden in the next few months.

The stakes are high. "It is no exaggeration to say that airline reservation systems are undergoing a revolution, such is the immense power of the new mega-computer reservation systems," said Cheong Cheong Kong, managing director of Singapore Airlines.

"In a nutshell, these new systems save airlines money, make the lives of travel agents easier and, most importantly, offer customers a better choice of services," he added.

John Menadue, chief executive of Qantas,

said that Fantasia and Abacus are being developed in the Asia-Pacific region "for the same reason the Europeans are establishing their systems — that is, to counter and challenge the ambitions of the U.S. systems."

The Europeans, he added, "want to inflict on us arrangements which they quite rightly rejected when the American systems were trying to penetrate and fragment the markets of Europe."

A mega-CRS builds on the base of existing computerized reservation systems used by airlines and travel agents by offering up-to-date information and instant bookings for hotels, tours, car rentals, train bookings and other land-based travel services, as well as airlines, in many parts of the world.

"It's not just distribution at stake, it's market access, massive revenues and competitive edge."

It's not just distribution at stake, it's market access, massive revenues and competitive edge.

edge" for airlines and other players in the multibillion-dollar global travel industry, said Geoffrey Lipman, executive director of the International Federation of Airline Passenger's Associations.

U.S. carriers operate five competing mega-CRSs. European airlines have formed two CRS consortia.

Abacus, based in Singapore, has acquired a 10 percent shareholding in PARS, the CRS operated by Northwest Airlines and TWA of the United States. It also selected PARS as the primary software provider for the Abacus network, which is being established at a cost of about \$100 million.

Abacus is also negotiating a cooperative marketing agreement with Amadeus, the European CRS that includes Lufthansa of West Germany, Air France, SAS of Scandinavia and Iberia of Spain.

Under the first phase of the Abacus development plan, which ended in March, Asian travel agents hooked into the system were given direct access to the PARS mainframe computers in Kansas City, Missouri.

Abacus will become an independent Asia-Pacific CRS with global links by the end of 1990, when its software will be transferred from Kansas to run from a computer complex in Singapore capable of handling 500 messages a second and supporting a network of more than 10,000 terminals.

Peter Such, managing director of Cathay Pacific, said that before the end of 1989 subscribers to Abacus would have access to more than 200 airlines, 16,000 hotels and 40 car rental firms. "The system will ultimately allow travel agents to obtain bookings and tickets on every airline in the world," he added.

Abacus officials in Singapore said that users of the network would gain access to displays of all airline fares from the lowest to the highest. The system will also incorporate a low-fare finder that can automatically book the lowest fare or seasonal tariff.

The largest CRS in the world, Sabre, which is owned by American Airlines, supports more than 70,000 terminals and can handle some 1,500 messages a second. In 1989, the system earned a net profit of \$143 million.

CRS owners charge monthly rentals to travel agents and other terminal users. They also charge a small commission for each of the hundreds of millions of bookings that are made each year on their systems.

Qantas's Fantasia is based on Sabre. By linking up with the American Airlines network, Fantasia is offering travel agents a distribution and data network that is connected to more than 600 airlines and 17,000 hotels.

Initially, Abacus was intended to be a single system combining the strength of airlines in Asia, Australasia and the South Pacific.

However, disagreements over where the system should be sized led Singapore Airlines, Cathay Pacific and Thai Airways International in December 1987 to form a joint venture company to run a CRS headquartered in Singapore, while Qantas decided to develop Fantasia based in Sydney.

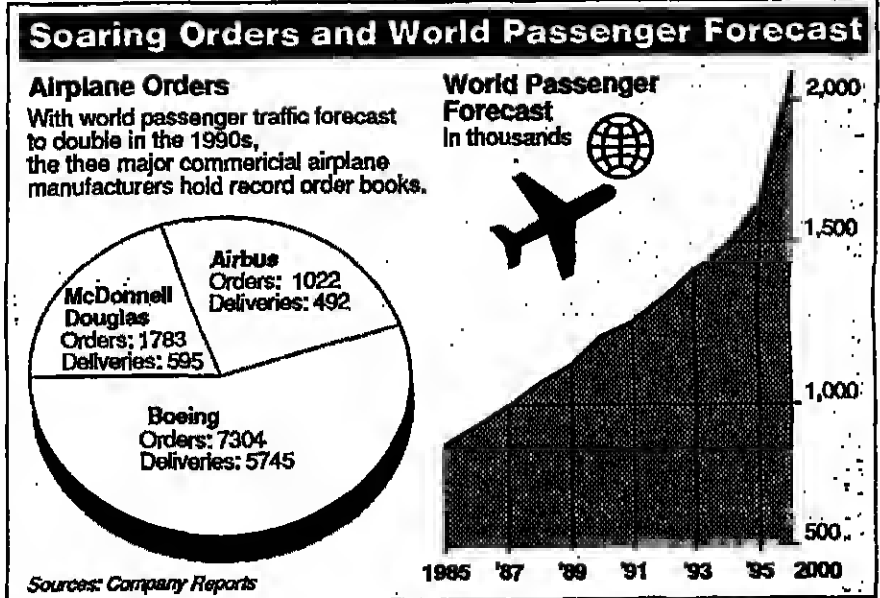
Last December, the Thai government intervened and ordered Thai International to withdraw from Abacus. Thailand is vying with Singapore to become the leading civil aviation hub in Southeast Asia.

"The cabinet decision is really to have Abacus headquartered in Bangkok," said a Thai government spokesman.

MICHAEL RICHARDSON is the International Herald Tribune's editor for Asia.

Industry Is Riding a Wave of Expansion

Continued from page 9



pon Airways, for example, was a purely domestic carrier until 1986, when it started a service to Guam. This year it plans to fly to 12 international destinations and has 20 Boeing 747-400s, valued at \$3.15 billion, on order.

Every type of aircraft and configuration is in demand, from wide-bodied long-distance models to short-haul commuter aircraft. One of the most recent orders has been American Eagle's \$1.25 billion procurement of 100 Swedish Saab 340B twin-engine 34-seat passenger planes.

In addition, American Airlines ordered 75 F-100 regional jets from the Netherlands' Fokker company this year, while British Aerospace's highly successful 19-seat Jetstream short-haul commuter aircraft is to be developed into a 29-seat model. Up to 100 have already been reserved by customers.

There have been suggestions that some airlines are signing up more aircraft than they can justify because they are worried about losing their place in the queue for deliveries. The manufacturers certainly face increased problems from the surge in demand.

Boeing is limiting the number of configuration options, such as interior fittings, available to customers in order to streamline its production schedules. This follows delays in customer deliveries in the first quarter of 1989 for which a number of airlines are claiming compensation.

Even with record order books, McDonnell Douglas, the second largest U.S. aircraft manufacturer, experienced a surprisingly net loss in the first quarter of this year. This indicated what some analysts have dubbed corporate anorexia, or an inability to cope with rapid growth after years of cost-cutting and consolidation.

McDonnell Douglas has taken on more than 22,000 new workers in the last three years and Boeing some 66,000 additional personnel in an effort to cope with orders, while in Europe, Airbus plans to increase production of its A320 airliner from 8 to 10 a month starting in 1991. Boeing is planning to increase production of its

737 series from 14 to 17 a month, as well as to raise production on other lines, including the 737, 767 and 747.

Sharply rising demand for new aircraft has helped Airbus claw its way back into the key U.S. market, which accounts for about half the world's aircraft purchases. After entering the U.S. market with sales of 34 A300s to Eastern Air Lines in 1978, Airbus had to wait until 1985 and an order from Pan Am for A300s and A310s for another U.S. success.

In the last four years, Airbus has made an increasingly strong impression in all markets, outselling McDonnell Douglas with firm orders for 367 airliners and options on another 165.

Airbus's success is not without controversy. The United States has claimed that support from British, West German, French and Spanish governments for their aerospace industries' participation in Airbus programs amounts to unfair competition.

Europe's counter-argument asserts that Boeing, the market leader, cross-subsidizes one product to another and uses pricing policies designed to question the economic viability of Airbus projects.

Airbus further contends that with a 17.2 percent share of the international market, it cannot be seriously affecting its U.S. rival at a time of sharply expanding demand. It is an acrimonious debate that undoubtedly would be far more bitter but for the present buoyancy of aircraft markets.

The big dilemma is whether market projections will justify the huge forward investment commitment by airlines in new aircraft. Frank Schronz, when he took over as chief executive of Boeing in 1986, said: "I do not think we can ignore the fact that things can turn down in our business as fast as they can turn up."

ROBERT BAILEY is a London-based journalist specializing in aviation and technology.

Commuter Lines Vie for Growing Market

Continued from page 9

partner, DLT, which has ordered six, with another six on option. Sky West Airlines of Utah has also agreed to "reserve delivery positions" on 10 aircraft. Prior to the Paris Air Show, Canadair was claiming 62 commitments, but had not announced the identity of its other customers.

The national direct competitor for the RJ was the FTX, proposed by Shorts of Northern Ireland, but Canadair's parent company Bombardier is now buying Shorts from the British government and will scrap the FTX project. Because the RJ is essentially only a 20-foot (6.1-meter) stretch of an existing aircraft, its development cost is a quarter of the \$1 billion needed to develop a completely new aircraft.

Saab of Sweden will provide the real competition to the RJ with a new high-speed (400 mph) 50-seat turboprop, known as the Saab 2000. It has already taken 25 orders and 25 options from the Swiss regional airline Crossair — the biggest operator of the smaller Saab 340 turboprop from which the new airliner is being developed. The Saab 2000 will use very powerful engines to combine near-jet speed and productivity with the operating economy of existing turboprops that cruise, on average, about 100 mph slower.

Saab predicts total worldwide sales of 1,400 new 50-seaters by the turn of the century. Market share will be determined by route structure. Jet operating costs are worst over short ranges — 20 percent higher per seat than those of a turboprop on a typical 200-mile sector, says Saab. The differential is eroded at longer ranges, however, where the speed of the jet also shows to greater advantage.

On a 500-mile sector, the new Saab will drop about 10 minutes behind the jet, but will be almost half an hour ahead of current turboprops. Their manufacturers contend that, since two-thirds of current regional routes are less

than half that length, there is little point in spending \$14 million on an RJ when a more economical turboprop can be bought for about \$10 million.

Saab believes it has the optimum product because, for \$11 million, it claims to offer customers sufficient speed to develop the new longer routes, while still delivering traditional

much more deeply entrenched in the United States than in Europe. Major U.S. carriers have concentrated their resources at relatively few hub locations and, therefore, have a vested interest in funneling passengers through them for onward connecting flights, rather than bypassing them with direct services between smaller towns.

The hub-and-spoke system is more deeply entrenched in the United States than in Europe.

turboprop economy on the shortest sectors. However, one of its major competitors, Fokker of the Netherlands, doubts whether Saab can continue to sell the new aircraft so cheaply.

At 50 seats, the Canadair RJ and the Saab 2000 are larger than most turboprops now used to feed hub airports in the United States. Following deregulation, many small carriers began operating with 19-seaters, epitomized by the Fairchild Metro and the British Aerospace Jetstream. The latter large market for these aircraft is now being squeezed, however, because they occupy a high ratio of slots per passenger carried into increasingly congested airports.

The 30- to 40-seat turboprops, such as the new Jetstream 41, the Embraer Brasilia, the Canadian Boeing de Havilland Dash 8 and the Saab 340, could become the standard aircraft for such hub-and-spoke routes which, typically, are about 200 miles. Traffic on them is predicted by Saab to grow to 10 percent to 15 percent a year to the end of the century, and has already trebled over the last 10 years.

The hub-and-spoke system has become

Doubling the operating radius quadruples the catchment area. Such improved productivity is a major sales point of the RJ, as is the desire of major U.S. carriers to project their corporate images through the small feeder airlines which fly in their colors. A "jet" image may be a significant marketing tool.

While there is unlikely to be a jet competitor for the RJ in the near future, other high-speed turboprops could be launched to compete with the Saab 2000. There is no reason in principle why the Embraer Brasilia could not be stretched and upgraded.

Boeing de Havilland has set its turboprop sights even higher and is likely to launch a 70-seater, known as the Dash 8-400, aimed at replacing the old 737 and DC-9 jets which carry upward of 100 people. The jets are economical on short routes as long as there is sufficient traffic. However, their retirement will be accelerated by their noise unless Rolls-Royce succeeds in convincing airlines to retrofit them with Tay fan-jets similar to those which power the 100-seat Fokker 100.

PETER MIDDLETON, a London-based journalist, specializes in aviation.

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EUROBONDS

World Bank Global Bond:
Much Ado About Nothing

By CARL GEWIRTZ
International Herald Tribune

PARIS — The World Bank announced last week with some ballyhoo that it planned to launch a \$1.5 billion global bond issue — a "new type of security" underwritten and distributed simultaneously in the Euromarkets and the U.S. domestic market that "will bring together the fragmented international bond markets." The reaction among market professionals: Much ado about nothing.

World Bank officials touted the planned issue as introducing "efficiencies" to the international bond market. But professionals said that the only potential efficiencies are those of lowering the World Bank's cost to funds by driving down the fees that U.S. securities houses take to arrange new issues and by getting U.S. investors to accept World Bank bonds at a tighter spread to U.S. Treasury bonds than have been demanded until now.

At present, World Bank bonds issued in the United States trade from four to 20 basis points higher than the bank's similarly-dated Eurobonds. In addition, the World Bank has to leave a 1/4-percent fixed commission with U.S. underwriters, compared with a 1/4-percent fee retained by underwriters of Eurobonds.

As a result, the World Bank rarely taps the U.S. market when it wants to borrow dollars. But that leaves the bank badly exposed if anything ever happens to the Eurobond market and it has to rely on the U.S. market for its dollar financing.

Thus, the bank's operation should be seen as an effort to diversify against future stress in the Eurobond market rather than as some fundamental development likely to alter the international bond market.

Historically, World Bank Eurobonds have been better received by international investors than Americans because Eurobonds are tax-free, anonymous bearer securities.

Bonds sold in the U.S. market must be registered — a factor that has kept international investors away from that market. And so long as they stay away, the U.S.-issued World Bank bonds will trade at a much higher spread relative to U.S. government bonds than do its Eurobonds.

World Bank officials expect that its global issue will cause this disparity to disappear.

THE GLOBAL bonds will all be registered securities. The bank said that lengthy discussions with institutional investors around the world revealed that it is not the registration that deters foreign investors from buying U.S.-issued World Bank bonds but rather "dissatisfaction with the liquidity of registered securities."

At the same, these investors "repeatedly expressed concern that impediments to the sale of bearer bonds in the United States deprive these securities, in times of dollar weakness, of much of the benefit of noncurrency-sensitive, U.S.-based demand for dollar bonds."

Donald C. Roth, the World Bank treasurer, said in a statement, "Most of the Eurobond investors we talked with said they wanted bonds that traded well in London and could be sold freely in the States when U.S. demand was stronger. They're not getting that now, except in U.S. Treasuries. We and our managers think this new approach will do it."

Both to justify the lower commission for U.S. underwriters and to enhance the value of World Bank bonds to U.S. traders, the World Bank global issue will be treated by dealers as if it were U.S. government agency paper rather than corporate debt, as it has been up to now.

The justification for this change is the jumbo size of the offering. The ranking as government agency debt means that the paper can be used by U.S. traders as collateral for repurchase agreements, enhancing the liquidity of the issue as well as its value since the paper will now be used to generate additional income.

As a result, it's expected that U.S. dealers should be willing to accept the lower spread on World Bank paper that has prevailed in the Eurobond market.

"The size and liquidity of this issue will make it behave in the market much more like the large agency issues than the smaller transactions we've done before," Mr. Roth stated. "It really makes more sense for this type of World Bank issue to trade in the agency sector in the United States, given the volume of our annual borrowing and the U.S. government's role as our largest stockholder."

At best, analysts said, the liquidity of the global issue will result in World Bank paper trading at even tighter spreads to Treasury yields than Eurobonds traditionally have. This would further lower future costs since new issues are priced relative to where outstanding bonds are trading.

At worst, the registered status of its new Eurobonds could raise

See EUROBONDS, Page 15

Currency Rates

| Cross Rates | Per \$ | Per 100 | Per 100 | Per 100 | Per 100 | Per 100 | Per 100 | Per 100 | Per 100 |
|-------------|--------|---------|---------|---------|---------|---------|---------|---------|---------|
| Australia | 2.241 | 3.591 | 1.264 | 0.322 | 0.154 | 0.187 | 1.268 | 1.503 | 1.503 |
| Belgium | 41.405 | 41.27 | 20.045 | 4.716 | 1.21 | 18.925 | 24.175 | 4.375 | 4.375 |
| France | 1.99 | 1.99 | 1.99 | 1.99 | 1.99 | 1.99 | 1.99 | 1.99 | 1.99 |
| Germany | 1.354 | 1.354 | 1.354 | 1.354 | 1.354 | 1.354 | 1.354 | 1.354 | 1.354 |
| Italy | 1.4830 | 1.4830 | 1.4830 | 1.4830 | 1.4830 | 1.4830 | 1.4830 | 1.4830 | 1.4830 |
| Japan | 150.78 | 150.78 | 150.78 | 150.78 | 150.78 | 150.78 | 150.78 | 150.78 | 150.78 |
| Switzerland | 1.4830 | 1.4830 | 1.4830 | 1.4830 | 1.4830 | 1.4830 | 1.4830 | 1.4830 | 1.4830 |
| U.K. | 1.6456 | 1.6456 | 1.6456 | 1.6456 | 1.6456 | 1.6456 | 1.6456 | 1.6456 | 1.6456 |
| U.S. | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |

| Other Dollar Values | Per \$ | Per 100 | Per 100 | Per 100 | Per 100 | Per 100 | Per 100 | Per 100 | Per 100 |
|---------------------|--------|---------|---------|---------|---------|---------|---------|---------|---------|
| Australia | 1.2700 | 1.2700 | 1.2700 | 1.2700 | 1.2700 | 1.2700 | 1.2700 | 1.2700 | 1.2700 |
| Belgium | 1.2700 | 1.2700 | 1.2700 | 1.2700 | 1.2700 | 1.2700 | 1.2700 | 1.2700 | 1.2700 |
| France | 1.2700 | 1.2700 | 1.2700 | 1.2700 | 1.2700 | 1.2700 | 1.2700 | 1.2700 | 1.2700 |
| Germany | 1.2700 | 1.2700 | 1.2700 | 1.2700 | 1.2700 | 1.2700 | 1.2700 | 1.2700 | 1.2700 |
| Italy | 1.2700 | 1.2700 | 1.2700 | 1.2700 | 1.2700 | 1.2700 | 1.2700 | 1.2700 | 1.2700 |
| Japan | 1.2700 | 1.2700 | 1.2700 | 1.2700 | 1.2700 | 1.2700 | 1.2700 | 1.2700 | 1.2700 |
| Switzerland | 1.2700 | 1.2700 | 1.2700 | 1.2700 | 1.2700 | 1.2700 | 1.2700 | 1.2700 | 1.2700 |
| U.K. | 1.2700 | 1.2700 | 1.2700 | 1.2700 | 1.2700 | 1.2700 | 1.2700 | 1.2700 | 1.2700 |
| U.S. | 1.2700 | 1.2700 | 1.2700 | 1.2700 | 1.2700 | 1.2700 | 1.2700 | 1.2700 | 1.2700 |

| Forward Rates | 30-day | 60-day | 90-day | 120-day | 150-day | 180-day | 210-day | 240-day | 360-day |
|---------------|--------|--------|--------|---------|---------|---------|---------|---------|---------|
| Australia | 1.5575 | 1.5510 | 1.5449 | 1.5388 | 1.5327 | 1.5266 | 1.5205 | 1.5144 | 1.5083 |
| Belgium | 1.4230 | 1.4230 | 1.4230 | 1.4230 | 1.4230 | 1.4230 | 1.4230 | 1.4230 | 1.4230 |
| France | 1.4230 | 1.4230 | 1.4230 | 1.4230 | 1.4230 | 1.4230 | 1.4230 | 1.4230 | 1.4230 |
| Germany | 1.4230 | 1.4230 | 1.4230 | 1.4230 | 1.4230 | 1.4230 | 1.4230 | 1.4230 | 1.4230 |
| Italy | 1.4230 | 1.4230 | 1.4230 | 1.4230 | 1.4230 | 1.4230 | 1.4230 | 1.4230 | 1.4230 |
| Japan | 1.4230 | 1.4230 | 1.4230 | 1.4230 | 1.4230 | 1.4230 | 1.4230 | 1.4230 | 1.4230 |
| Switzerland | 1.4230 | 1.4230 | 1.4230 | 1.4230 | 1.4230 | 1.4230 | 1.4230 | 1.4230 | 1.4230 |
| U.K. | 1.4230 | 1.4230 | 1.4230 | 1.4230 | 1.4230 | 1.4230 | 1.4230 | 1.4230 | 1.4230 |
| U.S. | 1.4230 | 1.4230 | 1.4230 | 1.4230 | 1.4230 | 1.4230 | 1.4230 | 1.4230 | 1.4230 |

| Last Week's Markets | June 9 | June 10 | June 11 | June 12 | June 13 | June 14 | June 15 | June 16 | June 17 |
|---------------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| United States | 2,513.42 | 2,517.83 | 2,521.24 | 2,524.65 | 2,528.06 | 2,531.47 | 2,534.88 | 2,538.29 | 2,541.70 |
| DJ Ind. | 206.44 | 206.47 | 206.50 | 206.53 | 206.56 | 206.59 | 206.62 | 206.65 | 206.68 |
| DJ Ind. | 1,148.12 | 1,148.15 | 1,148.18 | 1,148.21 | 1,148.24 | 1,148.27 | 1,148.30 | 1,148.33 | 1,148.36 |
| S & P 500 | 226.49 | 226.52 | 226.55 | 226.58 | 226.61 | 226.64 | 226.67 | 226.70 | 226.73 |
| S & P 400 | 273.53 | 273.56 | 273.59 | 273.62 | 273.65 | 273.68 | 273.71 | 273.74 | 273.77 |
| NVSE 100 | 187.37 | 187.40 | 187.43 | 187.46 | 187.49 | 187.52 | 187.55 | 187.58 | 187.61 |
| FTSE 100 | 2,142.10 | 2,142.13 | 2,142.16 | 2,142.19 | 2,142.22 | 2,142.25 | 2,142.28 | 2,142.31 | 2,142.34 |
| FTSE 20 | 1,775.70 | 1,775.73 | 1,775.76 | 1,775.79 | 1,775.82 | 1,775.85 | 1,775.88 | 1,775.91 | 1,775.94 |
| Nikkei 225 | 3,343.98 | 3,344.01 | 3,344.04 | 3,344.07 | 3,344.10 | 3,344.13 | 3,344.16 | 3,344.19 | 3,344.22 |
| DAX 100 | 1,768.40 | 1,768.43 | 1,768.46 | 1,768.49 | 1,768.52 | 1,768.55 | 1,768.58 | 1,768.61 | 1,768.64 |
| Hong Kong | 2,264.38 | 2,264.41 | 2,264.44 | 2,264.47 | 2,264.50 | 2,264.53 | 2,264.56 | 2,264.59 | 2,264.62 |
| World | 592.80 | 592.83 | 592.86 | 592.89 | 592.92 | 592.95 | 592.98 | 593.01 | 593.04 |
| MSCI | 501.40 | 501.43 | 501.46 | 501.49 | 501.52 | 501.55 | 501.58 | 501.61 | 501.64 |

CCF Sets
Plan to
Cut Debt

Proposal Seeks
50% Reduction

International Herald Tribune

PARIS — A new formula to halve the debt-service burden of Mexico and other developing countries that limits the financial impact on commercial banks has been put forward by Michel Pébereau, chairman of Crédit Commercial de France.

CCF, the fourth-largest French bank, has been in the forefront of innovations on Third World debt. Earlier this year, the bank reduced its exposure to developing countries by 60 percent by disposing of \$1 billion worth of loans to an offshore trust.

Its new proposal, Mr. Pébereau said, is designed to be an additional option in the menu of choices commercial banks now have in negotiating debt reduction with developing countries.

The aim is to both limit the immediate losses for banks to manageable levels and to leverage these losses so that debtor countries maximize the relief on their debt-service payments.

CCF has asked the 15-bank steering committee that is currently negotiating a new financial package with Mexico to add to the options its proposal for a so-called multiyear debt-reduction agreement.

Under this plan, commercial banks would commit themselves to lend to Mexico on an annual basis half the interest payments due them over the next 12 years.

For purposes of negotiation, Mexico is considered to owe the banks \$38 billion, the amount at the time of the country's first rescheduling. Since then, banks have lent an additional \$16 billion, most of which has gone to service the old debt.

Under the CCF plan, future loans to Mexico would not add to its debt burden because the new loans would be self-liquidating.

This would be achieved through the creation of a special fund, financed by the banks and the international financial institutions, which would buy zero-coupon U.S. Treasury bonds whose redemption value would guarantee repayment of the new loans.

CCF estimated that a special fund of \$12.6 billion would be needed, with half the capital put up by the commercial banks and the rest by the International Monetary Fund and the World Bank.

The IMF-World Bank portion would be lent at commercial terms.

See DEBT, Page 15

Media Likely
To Grow at
Slower Rate

The Associated Press

NEW YORK — The communications industry will grow at an average annual rate of 8.8 percent over the next five years, down from a 9.8 percent yearly pace over the past five years, according to a report for release Monday.

Veronis, Suhler & Associates Inc., an investment banking firm that specializes in media buyouts, said the communications business would generate \$251 billion in spending by 1993, up from \$164 billion in 1988.

Among the major segments of the economy, the projected growth rate of the communications industry will be exceeded only by the 9.5-percent growth rate expected in the health and medical services industry, the report said.

John Suhler, president of Veronis Suhler, said the main reasons for the slower growth in communications in the 1988-1993 period is an anticipated slowdown in the expansion of spending in cable television, home video and business information.

Growth in cable television, for instance, should moderate over the next five years because most households already have access to cable service and basic cable service rates are expected to moderate, it said.

The report estimates cable-spending growth at 7.7 percent over the next five years, down from 11.3 percent in the past five.

Home-video growth will also slow as that segment of the industry begins to mature, falling to an 11.2 percent growth pace in the next five years from 22.7 percent a year in the past five, it said.

Spending on business information services will still be the fastest-growing segment of the communications business at 10.5 percent a year, but that is down from a 12.1 percent growth pace over the past five years.

None of the projections is adjusted for inflation.

The report estimates that the overall economy will grow at a 7.5 percent annual rate, unadjusted for inflation, over the next five years, compared with 7.4 percent over the past five years.

Mr. Suhler said that advertising and promotion-spending growth should accelerate in the next five years after slowing in the 1983-1988 period.

Sprint: Workout Is Over, Time to Race

By Calvin Sims
New York Times Service

KANSAS CITY, Missouri — A year ago, things could not have been worse for U.S. Sprint Communications Co., third-largest U.S. long-distance carrier.

Its reputation in the long-distance market was in ruins. The company had lost more than \$1.8 billion in a struggle to build a fiber-optic telephone network.

Its first two presidents had resigned under pressure. Thousands of customers were receiving bills months late, which included charges for calls never made. Others never saw a bill.

One of its parents, GTE Corp., became so frustrated that it sold most of its stake in Sprint to its partner, United Telecommunications Inc.

But today, the discount carrier seems poised for a turnaround. "Sprint has overcome the major obstacles in its path," said Charles Nichols, a telecommunications analyst with Bear Stearns & Co., a U.S. securities house.

As it realizes the volume efficiencies of its network and offers higher-margin services, it clearly will make big money.

Sprint is the only U.S. long-distance carrier with a nationwide fiber-optic network, which provides high-quality service and cuts operating costs. The billing and service problems have been solved. The company has seen a dramatic increase in large, business-type accounts as demand increases for services such as the toll-free 800 number and international calling.

Sprint scored a coup last year by winning a government contract that could be worth as much as \$10 billion. On the other hand, last week Merrill Lynch & Co. selected a Sprint rival, MCI Communications Corp., to provide its telecommunications voice and data network, a contract estimated to be worth \$150 million.

Earlier, General Electric Co. picked American Telephone & Telegraph Co. to build its worldwide voice, video and data network, at a cost of \$25 billion.

Thus Sprint is not out of the woods yet. The company faces tough competition and a whole



U.S. Sprint holds a shaky lead in fiber optics, the thin strands of glass that transmit information.

new set of hurdles in the battle for a larger share of the \$50 billion long-distance market.

For the first quarter, Sprint produced its first profit since its founding in 1986 with the merger

field is a story yet to be told.

United Telecom took a big risk in acquiring GTE's 30.1 percent stake at a cost of \$600 million, leaving GTE with less than 20 percent. Sprint, which had re-

bers and operator services, analysts said. They also expect Sprint to see an increase in large commercial customers.

An increasing number of large businesses are using more than one telephone company for long-distance service, which has created opportunity for carriers like Sprint and MCI.

Sprint is also expected to benefit from the continuing expansion of the long-distance industry that is being fueled by heavy demand for business services and escalating call volumes.

The number of long-distance transmissions in the United States has increased 47 percent in the past five years, according to the Federal Communications Commission, and analysts see the long-distance industry growing at double-digit rates for the next three years.

Sprint's fiber-optic network has provided the company with significant operating leverage and a slight competitive edge.

It uses hair-thin strands of glass to transmit voice and computer information more efficiently than copper wires, and without distortion. Fiber-optics technology has become the preferred

See SPRINT, Page 17

'It looks to be a strong warrior, but exactly how well it does on the playing field is a story yet to be told.'

Robert B. Morris 3d, Goldman Sachs & Co.

of the long-distance operations of United Telecom and GTE.

The large investment that Sprint made in fiber-optic technology three years ago is finally starting to pay off, and through tighter management controls and an emphasis on service the company is showing that it can successfully compete with its larger rivals, AT&T and MCI.

"What we are seeing here with U.S. Sprint is a company that is ready to flex its muscles after a very long workout," said Robert B. Morris 3d, an analyst with Goldman Sachs & Co. "It looks to be a strong warrior, but exactly how well it does on the playing

field is a story yet to be told."

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See SPRINT, Page 17

Airbus Marks Delivery of 500th Plane

By Barry James
International Herald Tribune

PARIS — Marking a double anniversary, Airbus Industrie this weekend celebrated the delivery of the consortium's 500th airplane, and the 20th anniversary of the French-German agreement to launch the Airbus jet.

In a ceremony at the Paris Air Show, Jean Pierson, chief executive of the four-nation consortium, handed over an A-320 jet to Northwest Airlines, the first of 140 planes the carrier has on order or option.

Northwest, the fourth-biggest airline in the United States, is Airbus's largest single customer.

The consortium also announced that it had just passed the mark of 500 firm orders for the A-320, a

short-to-medium-range jet with computer-guided, fly-by-wire controls.

The first Airbus, the twin-engine, wide-bodied A-300, was delivered in 1974 and it took until 1980 to deliver the first 100.

Since then, the pace of production has been steadily increased to meet the burgeoning demands of civil air transportation. Airbus expects to deliver its 1,000th aircraft in 1992 and its 1,500th in 1995.

The consortium has more than 1,150 firm orders. So far this year, it has received more than 200 firm orders, valued at \$20 billion, compared with 167 for all of last year.

The company's challenge has not only been to expand production, but also to diversify its range of

aircraft to be able to compete with Boeing Co. and McDonnell Douglas Corp. of the United States at every level.

It is developing two long-haul jets, the twin-engine A-330 and the four-engine A-340, for first delivery in the early 1990s. These aircraft are an important part of the consortium's strategy of capturing 30 percent of the market for airliners over 100 seats.

The estimated total production by all manufacturers between now and 2006 is more than 9,000 aircraft valued at some \$500 billion in current prices.

Although in such a sellers' market it would be hard to lose money, Airbus is not making any yet. Mr. Pierson said first returns on \$4 bil-

lion worth of recent investments are not expected until after 1992 when the consortium starts delivering the first A-330s and A-340s.

In another move to broaden its range, Airbus announced at the air show that it intended to produce a "stretched" version of the A-320, known as the A-321-100, to compete directly with the Boeing 737 from about the middle of the next decade. Production will go ahead on the basis of 40 firm orders, of which 18 already have been received. Mr. Pierson said Airbus believes it can sell at least 400 of the aircraft.

As the consortium expands and diversifies, another part of its strategy is to build as much commonality as possible into its aircraft.

EC-Soviet
Talks on
Agenda

NASDAQ National Market

OTC Consolidated trading for week ended Friday, June 9

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MONDAY SPORTS

Johnson Set to Give Pivotal Testimony In Steroids Inquiry

By Michael Janofsky
New York Times Service

NEW YORK — Thirty-nine witnesses have appeared over the last 10 weeks, and the weight of testimony by those close to Ben Johnson seems to suggest that the sprinter not only took performance-enhancing drugs for years, but knew what drugs he was taking, what benefits they brought him and what side effects he risked.

Starting Monday in Toronto, Johnson finally will have the

"I don't think any of us know which way he'll go," a lawyer, who asked not to be identified, said of Johnson. "He could certainly do more for himself if he told the truth."

In previous testimony, Johnson has been portrayed as a willing participant in drug programs designed to make the most of his physical abilities as a sprinter, to the point that he lowered the 100-meter world record to 9.83 seconds two years ago in Rome.

Indeed, there was damning evidence from his coach of 11 years, Charlie Francis, and George (Jamie) Astaphan, the doctor who said he managed Johnson's drug program for the five years leading to the positive test in Seoul.

They testified in great detail about what drugs Johnson used — starting in 1981, according to Francis — and when he used them.

They also testified that Johnson had understood precisely what he was doing, a crucial point.

At frequent points in his cross-examinations, Johnson's attorney, Edward Futeran, tried to elicit testimony that would show Johnson as a mere pawn in a larger game, easily manipulated by others, and as an athlete without the intellect to understand it.

To a large extent, the tactic failed, as one witness after another — including athletes who trained with him — refuted suggestions that Johnson was ignorant or incapable of understanding situations.

At one point, Astaphan described Johnson as being "very inquisitive" about any drug he was given. He also provided the inquiry with a taped conversation, in which Johnson acknowledged using a drug Astaphan had given him.

Other witnesses described Johnson's keen awareness of matters relating to business opportunities and cars, which are his hobby.

But just as Astaphan offered testimony that would appear to be damaging to Johnson's position, he also might have provided him a loophole leading to daylight.

Under intense questioning by Futeran, Astaphan recounted in detail conversations in which he claims to have told Johnson every possible adverse side effect of the drugs he was taking.

Several times during Astaphan's testimony, Futeran made it clear that he did not believe the doctor.

If Johnson denies that Astaphan properly warned him of side effects and says he would have elected not to use the drug had he known of them, Futeran might give him the benefit of the doubt.

Meanwhile, Johnson has made it clear that he wants to return to competition, even if that means resuming his career just three months short of his 29th birthday.

In an interview last week in Milan, Johnson told The Associated Press: "I have high hopes that my position is cleared up. I'm looking forward to a comeback in September next year. My dream is to compete in the next Olympics. I want to face Carl Lewis again."

For the first time since the track and field phase of the inquiry began, he has the power to make the point, himself.



Two cars from the Mercedes stable pull through a curve Sunday during the 24 hours of Le Mans.

Mercedes Conquers Le Mans After 34 Years Off the Track

The Associated Press

LE MANS, France — Mercedes made a triumphant return to Le Mans on Sunday, winning the 24 Hours endurance race with West Germans Jochem Mass and Manuel Reuter and Stanley Dickens of Sweden leading a one-two sweep.

Mass was the final driver as the trio completed almost 390 laps on the 13.535-kilometer (8.41-mile) circuit in the French countryside.

The team had a lead of more than five laps over stablemates Mauro Baldi and Gianfranco Brancatelli and Ken Acheson.

West German Hans Stuck and Frenchman Bob Wollek were third in a Porsche after being in first for much of Saturday evening before a broken water hose slowed it down.

It wound up six laps behind. The Jaguar XJR9 of Jan Lammers of Denmark, Patrick Tambay of France and Andrew Gilbert-Scott of Britain was fourth. It took

over the lead from Stuck and led until dawn when a broken gear box caused a pit stop that lasted almost an hour.

Another Mercedes with Frenchmen Jean-Louis Schlesser, Jean-Pierre Jabouille and Alain Cudini finished fifth after starting from the pole.

Mercedes was making a return to Le Mans after a spectacular accident in 1955 caused it to pull out of motor racing. A Mercedes went into the crowd, exploded into flames and killed more than 80 people.

Last year Mercedes was ready to come back but a tire blowout in the trials made company officials withdraw the entry at the last minute.

That race was won by a Jaguar for the first time since 1957 after factory-backed Porsches had dominated recently.

The 1989 race was the first as an independent Le Mans event since a

dispute over television rights with the International Auto Sports Federation has made the race organizers break away from the official sports prototype world championship season.

The final race distance was 5,265 kilometers (3,271 miles), averaging almost 220 kph (137.5 mph). The record is 5,332 kilometers (3,312 miles) by the winning Jaguar last year.

It was a sweet triumph for Mass. In 1987 he had to drop out after the second hour. He was second in the 1982 race.

"It is a great success for the team," Mass said. "It was the first time they attempted it properly."

He added: "But I thought it would be a surprise if we finished."

Dickens felt it was a team victory. "I think it's really fantastic that we got all three cars to the finish line," Dickens said.

Fignon Holds Firm in Giro

On the Rebound, French Cyclist Wins Tour of Italy

By Samuel Abt
International Herald Tribune

FLORENCE — Laurent Fignon took a long leap back toward the top of professional bicycling Sunday as he won the Giro d'Italia.

The victory was his first in a major multi-day race since he dominated the sport in 1984, before he fell physically ill and mentally troubled.

Riding determinedly over the 54 kilometers (33.5 miles) from the sleepy town of Prato into bustling Florence, Fignon finished a strong fifth in the field of 141 in the time trial that ended the three-week race.

The Frenchman needed the final effort. His closest rival, Flavio Giupponi, a hitherto obscure Italian rider, finished fourth in the race against the clock.

Starting the day 1 minute, 31 seconds behind Fignon, Giupponi could recover on 19 seconds.

He would have done better, but Fignon, bearing down as the finish in the Piazzale Michelangelo hove into view, was clocked in the fastest (if unannounced) time over the *ultimo chilometro*.

This was a victory he wanted badly. His overall time for the 3,655-kilometer (2,263-mile) race was 93 hours, 30 minutes, 16 seconds.

Giupponi was 1:15 behind and Andy Hampsten, the American who won the Giro last year, was third this time, 2:46 behind.

Urs Zimmermann, a Swiss, finished fourth and Erik Breukink, a Dutchman, finished fifth. The time trial, which wound through fields of Tuscany, green with vineyards and silver with olive trees, was won by Lech Piasecki, a Pole.

A surprising second was Greg LeMond, the only American winner of the Tour de France, who is still recovering from an accidental shooting in 1987. Overall, LeMond was far back.

It would not be fair to say that Giupponi came up short in the race against the clock on a hot and sunny day. Rather, Fignon continued to come up long.

The 28-year-old Frenchman, who rides for the

Système U team based in France, had overpowered his opponents since he took over the leader's pink jersey eight days ago.

On Friday, Fignon sprinted away from the field in the last few hundred meters and won the stage. On Saturday, after a tiring day of climbing, he finished third, just ahead of Giupponi and Hampsten.

"Fignon went out of his way to let everybody know how well he's going," said Dag Otto Lauritzen, Hampsten's teammate with 7-Eleven.

Fignon's team manager, Cyrille Guimard, put it even stronger at the finish. "He's back, no question about that," Guimard said. "Next comes the Tour de France."

That race, the only one more important than the Giro d'Italia, begins July 1. Fignon will rank among the favorites now, a position he has not held for four years.

He earned the new status. His form and confidence in the Giro, which many Italians regard as arrogance and even contempt, recalled the magic days of 1984 when he easily won the Tour de France for the second successive year.

With a glorious career open before him, Fignon was felled by heel tendinitis the next year and missed most of the season after surgery. He tried to come back too quickly and has been unable to finish another Tour de France.

Each setback left a psychological scar. He began to believe that he could no longer climb or time trial, two of his previous strengths.

But wearing the *maglia rosa*, the pink jersey, this last week seems to have wiped all that away. Fignon was sure of himself when he mounted the starting platform in the small Piazza Santa Maria delle Carceri in Prato Sunday afternoon.

The last man to go, he rolled away on the time trial — what some call the race of truth — down the Via San Bonaventura. In addition to a saint's name, the word means luck or good fortune, which appears to have turned Fignon's way again.

A 12th Triple Crown? Not This Year

By Steven Crist
New York Times Service

BELMONT, New York — Easy Goer finally ran the spectacular race so many expected of him earlier this spring when he scored a devastating eight-length victory over Sunday Silence on Saturday in the 121st Belmont Stakes here.

Easy Goer's victory, following second-place finishes to Sunday Silence in the Kentucky Derby on May 6 and the Preakness Stakes on May 20, prevented Sunday Silence from becoming racing's 12th Triple Crown winner and the first since Affirmed in 1978.

Sunday Silence did, however, win the \$1 million Triple Crown bonus for compiling the best overall record in the three races.

Easy Goer's time of two minutes, 26.01 seconds, was the second fastest in the history of the race, behind Secretariat's world-record clocking of 2:24 in 1973.

The track was only a bit faster than usual, so his time and margin suggested he ran a tremendous race.

Easy Goer, coupled in the betting with Awe Inspiring as the 8-5 second choice, blew past Sunday Silence at the top of the stretch and drew away with every stride to win by eight lengths.

Sunday Silence, the 9-10 favorite, held second by a length over Le Voyageur, a French colt who ran an astonishingly good race in his American and dirt debut.

It was 12 lengths back to Awe Inspiring, who was fourth. Hawkester, Rock Point, Imbibe, Irish Actor, Triple Buck and Fire Maker completed the finish in that order.

Easy Goer, a son of Alydar and Relaxing, paid \$5.20 for \$2 to win. The exacta with Sunday Silence paid \$8 and the trifecta combining the first three finishers returned \$152.

Easy Goer's performance was sweet vindication for Ogden Phipps, the 80-year-old owner and breeder, and Shug McGaughey, his trainer.

After Easy Goer finished a dull second as the 4-5 favorite in the Derby and then lost a long stretch duel in the Preakness as the 3-5 choice, the colt's backers were deemed as New York loyalists who had overrated their hometown colt.

Charlie Whittingham, Sunday Silence's trainer, flatly predicted his colt would win the Triple Crown.

Le Voyageur got off to an uncontested lead through fractions of 0:23.1-5, 0:47, 1:11 1-5 and 1:35 4-5. Sunday Silence settled into second and Easy Goer was stalking him in third after six furlongs.

They headed into the turn in that order, and Sunday Silence seemed ready to pounce to the lead as he made his move.

But Easy Goer was the one with the strongest punch this time, and he accelerated suddenly outside the two leaders. The moment he reached the front it was clear he was going to win easily.

Eleven other colts have won the Derby and the Preakness but were then beaten in the Belmont, most recently Pleasant Colony in 1981 and Alysheba in 1987.

The Belmont track, which was covered with water just 12 hours before post time, was fast, dry and fair by early Saturday afternoon.



Easy Goer crossing the finish line in his eight-length victory over Sunday Silence on Saturday.

McEnroe Wins on Grass In Wimbledon Warmup

The Associated Press

BECKENHAM, England — John McEnroe crushed Australian Brod Dyke, 6-4, 7-6 (7-0), in the final of the Beckenham grass-court tennis tournament Sunday and said he hoped his success would be repeated in four weeks at Wimbledon.

McEnroe, the top seed in the tournament, received the winner's check of \$8,000 and said, "I hope this bodes well for the heavier trophy in a couple of weeks' time."

SIDELINES

Wichita State Wins NCAA

OMAHA, Nebraska (UPI) — Wichita State won the College World Series championship with a 5-3 victory over Texas on Saturday. Wichita State, 68-16, defeated Arkansas in an elimination game, then beat Florida State twice to reach the championship game. Texas, which lost its third national championship game in the 1980s, ended its season 53-18.

French Boxer Retains Title

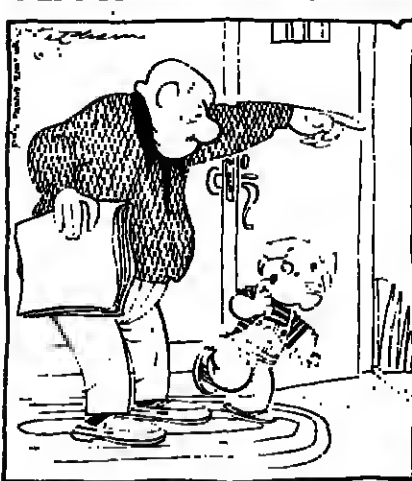
FROSINONE, Italy (AP) — Fabrice Benichou of France retained his IBF junior featherweight title Saturday night by knocking out South African chal-

lenger Frans Cornelius Badenhorst in the fifth round. The Spanish-born world champion, 24, relied on his flashing, powerful left hook to knock down the South African opponent in the first and fourth round and end the fight after 20 seconds into the fifth.

Oklahoma won the team title Saturday at the 92nd annual National Collegiate Athletic Association golf championship at Edmond, Oklahoma. Texas was second by 19 strokes.

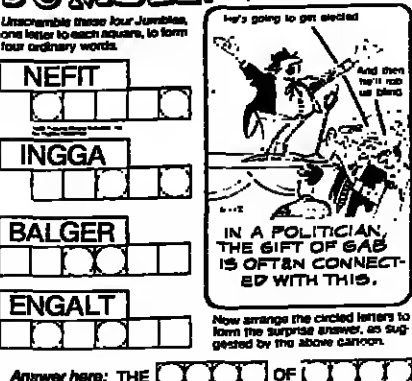
Real Madrid clinched its fourth consecutive Spanish soccer league title on Sunday, crushing Espanol, 3-0. The victory left them four points ahead of second-placed Barcelona with two games to play. (Reuters)

DENNIS THE MENACE



"I DIDN'T MEAN TO GET ON YOUR NERVES, MR. WILSON. GEE, THEY MUST BE EVERYWHERE!"

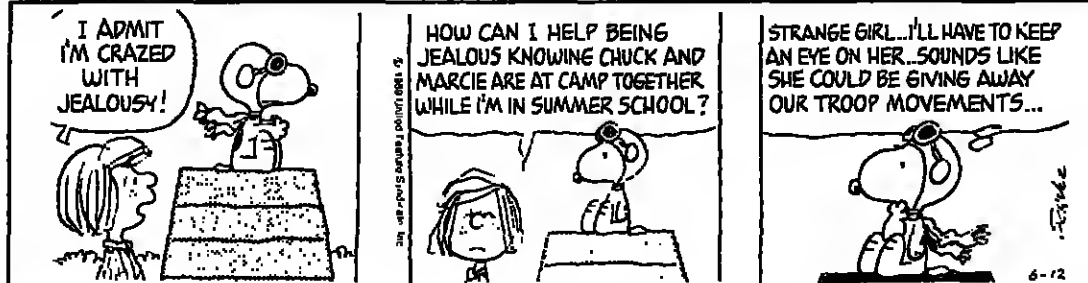
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PERSONAL INVESTING IN THE 11TH THE SECOND MONDAY OF EACH MONTH. EDITED FOR THE SOPHISTICATED INVESTOR — AN ESSENTIAL GUIDE TO OPPORTUNITIES AND PITFALLS — WORLDWIDE

PEANUTS



BLONDIE



BEETLE BAILEY



DOONESBURY



ANDY CAPP



WIZARD of ID



REX MORGAN



GARFIELD



MONDAY SPORTS

Chang Rallies to Beat Edberg

Last American to Win Men's Title Was Trabert in 1955

By Nick Stout

PARIS — Michael Chang wrote the final chapter in his amazing story at the 1989 French Open on Sunday, beating Stefan Edberg for the title, 6-1, 3-6, 4-6, 6-4, 6-2, in yet another steady come-from-behind effort.

Chang, the 17-year-old Californian, upset Ivan Lendl and then beat Ronald Agnir of Haiti and Andre Chesnokov of the Soviet Union to gain the final, thus became the youngest men's champion in the history of this tournament and the first American man to win since Tony Trabert in 1955.

"These two weeks, regardless of what happened today, are going to stay with me my whole life," the exhausted winner told the spectators after his three-hour-41-minute match. "Everything was run so smoothly, and I want to thank everybody for just, everything."

The match, decided largely on errors, lacked the brilliance of the Chang-Lendl encounter, in which Chang kept himself alive with long

rallies until he could seize an opportunity to break the cadence and drill a winner.

In playing a serve-and-volley specialist like Edberg, whom he had beaten already this year at Indian Wells, California, Chang

FRENCH OPEN

turned instead to well-placed passing shots and hard service returns that the third-seeded Swede could not handle. He tried to get the serves back quickly, before Edberg could get to the net. He succeeded most of all in the fifth set, when Edberg tired.

"I knew what he was going to do today because he did the same thing at Indian Wells and I was prepared for it," Edberg said. "I started off not serving too well but then I found my rhythm. But it's tough to take the ball early."

Chang opened the match with an ace on the center line, and he played aggressively throughout the first set. Edberg seemed lethargic and unable or unwilling to make

that extra stretch to the corner. The set took only 31 minutes, and it seemed like it was going to be a one-sided affair.

But after Chang broke serve in the fifth game of the second set to go ahead 3-2, Edberg broke right back to even the score at 3-3. Edberg broke serve two games later to make it 5-3 and then won the set when Chang lobbed too long.

The two right-handers were now doing things differently. Chang was missing the sidelines that he earlier had been targeting well, and Edberg was beginning to perfect a shot that would serve him well throughout the match: a spinning backhand down the line to Chang's forehand. But Chang was getting to volleys that less-speedy players would have missed, and this seemed to pressure Edberg to aim even closer to the lines.

Chang survived the fourth set by refusing to choose on a host of crucial points. In the third game, after players had broken serve, Chang fought back from 15-40.

saved four break points and squandered the advantage three times before finally nailing down the game.

A similar sequence occurred when Chang served at 3-3, 0-40. He came back to deuce on two errors by Edberg and a winning passing shot, then saved two more break points after Edberg had the advantage. In the end, he claimed the game to go ahead 4-3 and won the set by breaking Edberg's serve in the 10th game. The winning point came when Edberg volleyed into the net after Chang's hard service return.

Asked how he turned the match around, Chang said: "I really don't know. It was just a couple of points here and there. I just tried to hang in there. During the fourth set when I was down 0-40, I really thought the match was gone. Stefan maybe gave me an opening, and then a chance went through my head and I thought, 'Maybe I can do this.' A few points maybe inspired me to try even harder than I was trying and to believe there was a chance I could come back."

Chang opened the fifth set by serving a game that went to deuce six times. He saved two break points but eventually lost the game on a long lob.

Instead of losing spirit, he broke right back and won the game by returning a drop shot with a drop of his own. He broke again in the fourth game to go ahead 3-1 and then held serve after surviving two break points and going to deuce four times. Chang had the momentum now, and it was just a matter of time before Edberg ended the match with a weak forehand into the net.

"I think he started off playing unbelievably," Edberg said. "He didn't make a mistake in the first hour. I was slow in working my way into the match. But then I started to play more aggressively. I had a lot of chances to break him in the fourth set and I didn't take advantage of one of them. That's when the match slipped away from me."

Trabert, who beat Sven Davidson in an American-Swedish final in 1955, was on hand to watch the newest American champion.

"I'm very happy for him," Trabert said. "I think he played extremely well."

Trabert, 58, said he thought that John McEnroe should have beaten Lendl in the 1984 French final, in which he squandered a two-sets-to-love lead, and he offered his view of why Chang won Sunday.

"What Michael did so well was to take risks under pressure," Trabert said. "That's what some other day-court players don't do. That's what Chesnokov didn't do."

Much has been made here of Chang's devotion to Christianity and his tendency to publicly thank Jesus Christ after each victory. When someone asked him why he thought Christ chose him and not Edberg to be the victor on Sunday, Chang replied:

"I know that every time I bring that up you see the press breaking or the heads nodding, and I know that people are sort of getting sick of it. But if I really want to tell you the truth, it really is Jesus Christ. I give him all the credit for the things that happen in my life. That's the way I am. Stefan probably said he got it in the final because he worked really hard or for a different reason. Everybody has his own reasons. That just happens to be mine."



Michael Chang, joined by Stefan Edberg, held aloft the winner's trophy Sunday for the photographers at Roland Garros Stadium.

Blue Jays Shut Down The Tigers

The Associated Press

Mike Flanagan and Duane Ward combined on a four-hitter as the Toronto Blue Jays downed visiting Detroit, 4-0, on Sunday, the fifth time the feeble Tigers have been shut out this season.

Detroit began the game with a .238 team average, the lowest in the American League. On Saturday, the Tigers beat Toronto, 11-8.

Rookie Junior Felix went four-for-five with a two-run homer. The Blue Jays finished with 12 hits.

Flanagan, 4-5, gave up three hits in seven innings. It was his first outing since a sore left shoulder forced him to miss his last two

Facing Sizzling Reds, Dodgers Come Up Dry

United Press International

A frustrated Dodgers team, which has not scored a run in 21 straight innings, was shut out Saturday for the second straight game, this time by the sizzling hot Cincinnati Reds.

Tom Browning allowed Los Angeles only five hits and Ken Griffey

struck out three batters in a five-run sixth inning and Bryn Smith fired a five-hitter to lead the Expos.

St. Louis 6, Chicago 0: In Chicago, Joe Magrane broke out of his slump, striking out a career-high nine batters, as St. Louis handed the Cubs their first back-to-back shutouts since July. On Friday, Joe DeLeon hurled a four-hit, 10-strikeout, 1-0 masterpiece with relief help from Todd Worrell.

Astros 1, Braves 0: In San Francisco, Scott Garretts combined with two relievers on an eight-hit shutout and Will Clark drove in the game's only run with a third-inning sacrifice fly to edge San Diego.

Giants 1, Padres 0: In San Francisco, Scott Garretts combined with two relievers on an eight-hit shutout and Will Clark drove in the game's only run with a third-inning sacrifice fly to edge San Diego.

Angels 5, Rangers 1: Ron Hassey's two-run double highlighted Oakland's four-run first inning and Storm Davis celebrated his return from the disabled list with a victory over the Rangers in Arlington, Texas.

Royals 5, Angels 4: Danny Tartabull belted a solo homer with two out in the eighth to break a tie and lift Kansas City over visiting California.

Twins 11, White Sox 8: Jim Dwyer ripped a grand slam in the bottom of the eighth to help Minnesota rally to defeat Chicago in Minneapolis. Dwyer's third career grand slam capped a five-run eighth inning.

Brewers 6, Orioles 0: Don August hurled a five-hit shutout and was backed by 13 Milwaukee hits in Baltimore.

Mariners 3, Indians 1: In Cleveland, rookie Randy Johnson allowed only three singles in 7 1/2 innings as Seattle edged the Indians.

Red Sox 14, Yankees 8: In New York, Nick Esasky and Luis Rivera each hit a two-run homer to power Boston's 19-hit offensive.

Boston's pitching ace, Roger Clemens, survived a first-inning scare when he was hit in the left knee by rookie Deion Sanders's one-hop smash.

Tigers 11, Blue Jays 8: In Toronto, Detroit jumped to a 9-0 lead after four innings and held on for the victory, using five pitchers who gave up 11 hits and nine walks.

Grady Wins Golf Playoff In New York

The Associated Press

HARRISON, New York — Wayne Grady of Australia sank a three-foot birdie putt on the first extra hole and beat Ronnie Black in a playoff Sunday to win the Westchester Classic golf tournament.

Grady, 31, forced the playoff when he birdied the final hole from six feet (1.8 meters) for a par 72.

It was the first victory in the United States for Grady, the 1988 Australian Masters champion.

He finished with a 277 total, seven under par on the windy Westchester Country Club course.

Black, who has not won since 1984, also completed the regulation 72 holes at 277.

Playing about a half-hour in front of the other contenders, Black made up four strokes with a closing 68 in winds that gusts to 40 mph (65 kph).

The playoff began on the 314-yard (286-meter) 10th hole. Both players drove just short of the green. Black played his approach about 20 feet behind the cup.

Grady seized the opening immediately, running a little pitch about three feet below the cup.

After Black's birdie attempt wobbled off to the right, Grady rapped the winner into the back of the cup.

Tom Watson, a five-time British Open champion trying to regain the magic that once made him golf's top player, finished with a 68 that left him one shot out of the playoff at 278.

He had a chance to gain a playoff spot when he got his second shot in a greenside bunker on the long 18th.

His sand shot, from an uphill lie, came up well short of the green and he missed the 20-footer that would have tied it.

Watson finished third, tied with Clarence Rose, who had a closing 70. Tom Kite, the PGA Tour's leading money-winner, Fred Couples, J.C. Snead and Billy Andrade were another shot back at 279.

For Scrappy Sanchez, a Dream Final

By Nick Stout

PARIS — Soon after she won the match that vaulted her into a showdown with Steffi Graf in the final of the French Open, Arantxa Sanchez received a telephone call from Spain. It was from Lili de Alvarez, who lost the 1928 Wimbledon final to Helen Wills. She was calling because Sanchez had just become the first Spaniard since then to reach the women's final of a Grand Slam tennis tournament.

"She wished me luck and said we would meet in Wimbledon," Sanchez recounted happily after she upset Graf on Saturday to win the French tennis championship.

In retrospect, it should not have been so surprising that Sanchez was able to pull off her 7-6, 3-6, 7-5 victory over Graf.

In seven previous clay-court tournaments this year, Sanchez had not lost before the semifinal round.

Sanchez, 17, played a brilliant final, beating Graf with amazing winners at the lines and pulling off some seemingly impossible volleys. She had to save two set points at 5-6 in the first set before winning a close tiebreaker. And she had to battle back from 3-5 in the third set to win the match.

"I fought for three hours to win the tournament of my life, the one I've been dreaming about," said Sanchez, who reached the quarterfinals in her two previous appearances here. "And I'm very proud."

Sanchez, the ranked No. 10 in the world, is the youngest in a family of professional tennis players that includes her brothers, Emilio and Javier. She is most at home on the baseline and is at her best on clay.

But the key to winning Saturday, Sanchez said, was not letting Graf get off to an early lead. It was easier said than done.

Sanchez saved a break point in the second and fourth games, and survived no fewer than five break points when serving at 3-2.

"She was making some unbelievable shots, so close to the

lines," said Graf, who first won the French Open in 1987 at age 17 by upsetting Martina Navratilova. "I was not the one who was putting pressure on the opponent today."

Sanchez served for the set at 5-4, but Graf dug in and won the game at 30. Graf held serve to go ahead 6-5, but then squandered two set points with backhand errors.

In the tiebreaker, Sanchez was down 2 points to 4, but she battled back to go ahead, 6-5. Graf saved set point with a passing shot, but Sanchez took the set two points later as the crowd cheered.

"I shouldn't have lost the first set," Graf conceded. "I had so many chances from the beginning."

The second set was more in line with what people had expected when they came to Roland Garros Stadium on Saturday. Graf

dominated the set with her fierce forehand even if she missed two set points at 5-2. She rebounded quickly, however, to break Sanchez's serve and take the set, 6-3.

The third set was a story of determination in the face of defeat.

Graf gave up the first game after having led it, 40-15, but she broke back in the sixth game and then again in the eighth to take a 5-3 lead.

"I had fought until then and I thought I could continue fighting," Sanchez said. "It was 5-3, but I was still strong mentally."

Then, remarkably, Sanchez broke Graf at love after a series of errors by the defending champion. When Graf set up break point by getting what should have been an easy smash, Sanchez grinned broadly.

Sanchez held serve at 15, and suddenly the score was 5-5.

Graf was serving now, but Sanchez started to sign the impossi-



After the final, a joyful Arantxa Sanchez and a weary Steffi Graf share the spotlight.

SCOREBOARD

BASEBALL

Major League Standings

(Through Saturday's games)

AMERICAN LEAGUE

East

West

NATIONAL LEAGUE

East

West

TENNIS

French Open

Finals

Men

Women

Men's Doubles

Women's Doubles

Men's Singles

Women's Singles

Men's Mixed Doubles

Women's Mixed Doubles

Men's Team

Women's Team

Men's Paralympics

Women's Paralympics

Men's Paralympics

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Men's Paralympics

Women's Paralympics

Men's Paralympics

Women's Paralympics

SOCCER

French Cup Final

Finals

Men

Women

Men's Doubles

Women's Doubles

Men's Singles

Women's Singles

Men's Mixed Doubles

Women's Mixed Doubles

Men's Team

Women's Team

Men's Paralympics

Women's Paralympics

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Men's Paralympics

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Men's Paralympics

Women's Paralympics

Men's Paralympics

Women's Paralympics

BASKETBALL

NBA Finals Schedule

Finals

Men

Women

Men's Doubles

Women's Doubles

Men's Singles

Women's Singles

Men's Mixed Doubles

Women's Mixed Doubles

Men's Team

Women's Team

Men's Paralympics

Women's Paralympics

Men's Paralympics

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Men's Paralympics

Women's Paralympics

Men's Paralympics

Women's Paralympics

CYCLING

Tour of Italy

Finals

Men

Women

Men's Doubles

Women's Doubles

Men's Singles

Women's Singles

Men's Mixed Doubles

Women's Mixed Doubles

Men's Team

Women's Team

Men's Paralympics

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